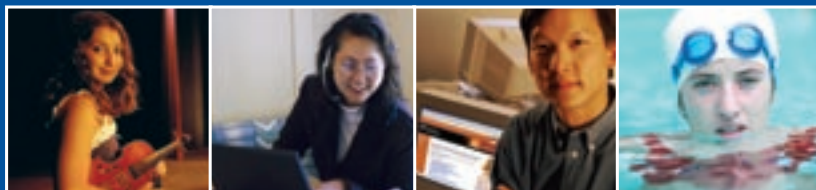**Australian Government**

**Department of Communications,
Information Technology and the Arts**

ANNUAL REPORT
2004–05

DEPARTMENT OF COMMUNICATIONS,
INFORMATION TECHNOLOGY AND THE ARTS

ANNUAL REPORT
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DEPARTMENT OF COMMUNICATIONS,
INFORMATION TECHNOLOGY AND THE ARTS

Australian Government

**Department of Communications,
Information Technology and the Arts**

our reference

Secretary

Helen Williams AO

Senator the Hon Helen Coonan
Minister for Communications,
Information Technology and the Arts
Parliament House
CANBERRA ACT 2600

Dear Minister

In accordance with the provisions of section 63 of the *Public Service Act 1999*, I present
to you my report on the operation of the Department of Communications, Information
Technology and the Arts for the financial year ending 30 June 2005.

The Requirements for Annual Reports, approved by the Joint Committee of Public
Accounts and Audit, require that a copy of the report be laid before each House of
Parliament on, or before, 31 October 2005.

Yours sincerely

Helen Williams
10 October 2005

Guide to the Annual Report

This report outlines the performance of the Department of Communications, Information Technology and the Arts for the financial year ending 30 June 2005. The report is prepared in accordance with the Department of the Prime Minister and Cabinet's Requirements for Annual Reports, released in June 2005.

Under these requirements, the Department must report against the outcomes, administered items, outputs, and performance and budget information in the Department's 2004–05 Portfolio Budget Statements (PBS), Portfolio Additional Estimates Statements (PAES) and Portfolio Supplementary Additional Estimates Statements (PSAES). It is suggested that the Annual Report is read in conjunction with these documents.

The report is structured as follows:

Section 1—Overview

This section contains a review of the year by the Department's Secretary and an outline of the Department's roles and functions, organisational structure, portfolio agencies, outcome and output structure.

Section 2—Performance review

This section provides a report on the Department's performance against its outcomes. These outcomes cover arts and culture, sport, and communications.

The performance information is reported against the success measures in the 2004–05 PBS and PAES. The success measures are supported by a number of performance indicators which can be viewed in the PBS and PAES. To assist a 'clear read' between the documents, a table linking the performance information in the Annual Report to the PBS or PAES performance indicators is provided at the beginning of each of the outcome reports in section 2.

Section 3—Management and accountability

This section reports on the Department's management practices, including its governance arrangements and management of its human and financial resources.

Section 4—Appendices

The appendices provide supplementary information such as human resource statistics, appearances before parliamentary committees and mandatory reports such as the Department's performance in implementing the Commonwealth Disability Strategy.

Section 5—Financial statements

This section contains the Department's audited financial statements for 2004–05. Following the financial statements is a list of acronyms and an index to assist the reader.

Table of contents

Section 1 Overview

Section 2 Performance review

Section 3 Management and accountability

Section 4 Appendices

Section 5 Financial statements

Other information

Overview

SECTION 1

Secretary's overview 2004–05

The year 2004–05 was again a very busy one for the Department, building on a range of developments and initiatives of the previous year and paving the way for significant achievements in the future.

The implications of convergence of technologies and markets for both the policy development and regulation of the communications and information technology sectors were increasingly evident, as was the importance of content, particularly digital content, for innovation and market growth.

The recognition of the role of communications generally, and information and communications technology (ICT) in particular, as enablers of other sectors was also more widely understood, as was its importance to services and culture in regional and remote Australia.

These developments not only demonstrated the increasing synergies between the different elements of the portfolio but also raised the profile of the portfolio's responsibilities in other areas of government.

International interface

The international dimension of much of the Department's work became increasingly apparent. High priority was given throughout the year to engagement with the Department's counterparts around the world to influence policy development at the international level, to learn from international experience and to assess the best direction for Australia in a rapidly changing technical and commercial environment.

Minister Coonan participated in the meeting of APEC Telecommunications Ministers in Lima, Peru, which saw all 21 APEC economies agree on directions for future work in a range of key areas including security, broadband development, compliance and enforcement, and electronic authentication. This was supported by active Departmental involvement in the APEC Telecommunications and Information Working Group and by the engagement of Australian industry.

The Department also worked closely with industry on international initiatives to enhance the innovation infrastructure that supports the development of ICT capabilities. The Korea–Australia–New Zealand Broadband Summit, attended by Minister Coonan, included one of the largest ICT industry delegations from Australia led by a minister.

The Department played a leading role in ensuring that the problem of

unsolicited electronic messaging— spam—is addressed in a coordinated way in international forums such as the OECD, APEC and the International Telecommunication Union. This complements domestic enforcement of the Government's spam legislation to the ultimate benefit of Australian Internet users.

Priority also continued to be given to Australia's involvement in the important global fight against doping in sport. In particular, the Department played a key role in developing the UNESCO International Convention Against Doping in Sport and in discussions at meetings of the World Anti-Doping Agency on the development and monitoring of international anti-doping standards.

Whole-of-government partnerships

The focus given during 2003–04 to developing key partnerships at all levels of government in Australia strengthened further over the financial year.

Perhaps the most challenging initiative in this context has been the integration into the Department of the programs of the former Aboriginal and Torres Strait Islander Services agency. From 1 July 2004, the Department assumed specific responsibility for a range of Indigenous programs in the areas of broadcasting, sport and recreation, arts and culture, and Indigenous languages.

Over 89 staff were transferred to the Department to support these programs, the majority of whom are now located in the new cross-agency Indigenous Coordination Centres in capital cities and throughout regional and remote Australia.

This presented particular issues for the Department as, prior to this move, it was almost wholly Canberra-based. In addition, a significant number of the transferred staff were at relatively junior levels. Following a detailed internal review, a revised regional network structure was implemented in November 2004 which will be subject to ongoing assessment and adjustment as resources permit. Once fully bedded down, this regional presence should prove of significant benefit to the Department across the range of its operations and will facilitate the delivery of programs and services to communities around the country.

The transfer of the Indigenous programs was also a complex undertaking as it involved a number of relatively small programs, several of which did not have a direct mainstream equivalent. After a short transitional period of central management to assess the particular synergies with the overall work of the Department and other portfolio agencies, however, these programs have been integrated into mainstream operations. Officers from across the Department, including regional network staff, are working with the Office of Indigenous Policy Coordination

and other Commonwealth, state and territory agencies on the development of community, regional and state agreements with a view to increasing the effectiveness of the delivery of services to Indigenous communities around Australia.

The integration of the Indigenous programs has also been challenging to the staff who transferred to the Department and I would like to thank them for their work over the last year in achieving a successful transition.

The growing recognition of the pervasiveness of information and communications technology as an enabler of operations at all levels of government has increased the Department's work with agencies at both the Commonwealth and state and territory levels to capitalise on this potential. Areas of focus have included the role of ICT in increasing productivity and in national economic policy more generally, targeting skills requirements to meet future demand, and high bandwidth operations facilitated by a range of government programs.

Another key cross-government issue has been the implementation of the Government's response to the *Review of the corporate governance of statutory authorities and office holders* (the Uhrig report). This is of particular importance for the Department in view of the number of relevant agencies in the portfolio. The Department completed six agency

assessments during the year and is working on further assessments against the governance templates contained in the report.

The arts and sports areas of the Department continued to work with other Australian Government agencies and with state and territory governments to achieve more effective and coordinated program delivery. In particular, the Department has managed a number of projects on behalf of Cultural Ministers, including a major redevelopment of the Collections Australia Network, an online resource providing a gateway to more than 1500 museums, galleries, archives and libraries throughout Australia.

The Department also continued to work with agencies across the Australian Government to coordinate Commonwealth support in the lead-up to the Melbourne 2006 Commonwealth Games. Finalisation of the second funding agreement with the Victorian Government was unfortunately delayed as a result of the need for further negotiation on how Australian Government support to the Games should be recognised and acknowledged, and work will continue to overcome these difficulties in 2005–06. Stakeholders consistently rated the effectiveness of the Department's taskforce coordinating the Australian Government's input to the Melbourne 2006 Commonwealth Games as good to very good.

Policy development and review

Policy development and review was again a very significant activity across all areas of the Department during the year, but certain areas have been selected here as of particular importance.

The evaluation of the adequacy of the telecommunications regulatory regime in preparation for the possible sale of Telstra was a high priority. Areas subject to detailed consideration included structural issues, investment incentives, universal service obligation subsidies, the operation of the access regime, anti-competitive conduct provisions and price control arrangements.

Work on the development of the digital television regulatory framework continued to be a major focus, with consultation across the range of the reviews required by the *Broadcasting Services Act 1992*. Other related policy reviews included the policy and regulatory framework for the conversion to digital radio, the regulation of convergent content delivered to new and emerging communications devices and the viability of creating an Indigenous television broadcasting service.

The Department also reviewed and reported on the policy and regulatory implications of the important emerging technology issue of voice over Internet protocol.

Work to develop an enhanced anti-doping framework for Australia culminated in the announcement of a new Australian Sports Anti-Doping Authority to provide more robust, independent and effective arrangements for the investigation and hearing of sports doping allegations.

In the area of arts and culture, a review of the major symphony and pit orchestras in Australia, chaired by Mr James Strong, was concluded. The majority of the review's recommendations were accepted by the Government and $25.4 million over four years was provided in the 2005–06 Budget for their implementation.

Program implementation

The 2004 federal election resulted in a number of new initiatives, placing additional focus on the efficiency and effectiveness of the Department's program implementation.

As part of its work to achieve continuous improvement in program management and accountability, the Department developed an internal online reference guide, *A practical guide to program administration*. The guide will be implemented early in 2005–06. It also introduced quarterly non-financial performance reporting to complement current monthly financial reports to raise its capacity to monitor progress and be proactive in addressing any developing concerns.

Program delivery in regional Australia has again been an important factor in the Department's work.

Progress on the implementation of the Government's response to the recommendations of the Regional Telecommunications Inquiry (RTI) was good, with all but 10 of the 39 recommendations being implemented by year's end and others close to implementation. The related Higher Bandwidth Incentive Scheme, which showed some slippage in 2003–04, is now progressing well and more than 34 000 customers have been connected to higher bandwidth services.

An increased emphasis on access to arts and culture in regional Australia has been facilitated by the effective administration of the cultural touring programs and the Regional Arts Fund where new funding agreements have been successfully negotiated for the next four years. Technical improvements in the search capacity and operability of the Culture and Recreation Portal administered by the Department has facilitated access to, and information about, cultural activities across Australia. Visits to the portal in 2004–05 have shown a 45 per cent increase over the previous financial year.

While upgraded monitoring systems, increased training and better forecasting have considerably raised the Department's

performance, some grant payments are not yet running to schedule because of technical difficulties or delays in funding recipients achieving milestones for payment. In addition, the availability of funding has not of itself always meant that program objectives can be met. Quality applications under the Anti-Doping Research Program were below expectations, and the response of communications companies to the Community Phones Program was disappointing. The Department is currently considering ways to achieve a better targeted response in such cases.

Clients continued to rate the Department's performance well overall. Responses to the annual client service survey showed that 97 per cent of survey respondees rated the Department's services as satisfactory to excellent.

Departmental management

The positive impact of work over the last few years to strengthen the Department's corporate and financial management and governance frameworks is now clear.

Corporate governance infrastructure continued to be refined and the system of self-assessment for corporate management committees, now fully

operational, will help to identify areas for further improvement. Business continuity planning is in place and mandatory training has commenced. The process of revising key corporate documents continued and included the Department's Fraud Control and Corporate Plans and the completion of a detailed risk assessment. New Chief Executive Instructions, procedural rules and financial instructions and delegations were prepared to ensure that the accountability framework is integrated and up to date.

The Department's new human resources model commenced operation in September 2004. It comprises three in-house teams focused on the delivery of high-quality strategy, contract management and consultancy type services, together with an outsourced payroll and administration service provided by United KFPW. The Department has invested in strengthening its human resource strategic framework, particularly through developing a comprehensive workforce plan and reporting regime, and a Departmental Capability Framework. The framework is based on detailed workforce metrics to guide people management processes and to strengthen the link between learning and development and business needs.

The Executive pictured with senior SES staff at the weekly Executive Management Group meeting: back row l to r Fay Holthuyzen, Deputy Secretary, Communications; Rod Badger, Deputy Secretary, Information Economy; Don Markus, General Counsel, Legal Group; Frank Nicholas, Acting Chief Operating Officer; Brenton Thomas, Chief General Manager, Telecommunications; Jennifer Gale, Chief Financial Officer; front row l to r Beverley Hart, Chief General Manager, ICT; James Cameron, Chief General Manager, Broadcasting; Helen Williams, Secretary; Lynn Bean, Acting Deputy Secretary, Arts and Sport

The revised information technology and communications servicing arrangements, which commenced in 2003–04, were fully operational in 2004–05. The success of the transition was reflected in the results of an externally conducted client survey undertaken in May 2005 which showed that 80 per cent of users were satisfied with the services provided.

The Department's overall performance in meeting agreed timeframes for the range of support services provided to its ministers improved over the previous year. In particular, there has been general improvement in the areas of timeliness of responses to ministers' correspondence, Question Time briefs and Meeting Briefs. There is clearly room for further improvement, however, and the Department will continue to monitor services in consultation with portfolio agencies to raise its performance in 2005–06.

The legislative workload of the Department is considerable. During 2004–05 the Legal Group was involved in the development of a range of Bills and subordinate legislation, including that related to the formation of the Australian Communications and Media Authority, the implementation of the World Anti-Doping Agency Code, protection zones for telecommunications submarine cables of national significance, and an extended scheme for delivering tax concessions to investors in the film industry.

The year ahead

The Department again faces a very challenging but interesting year in 2005–06.

International and domestic security concerns will require increased attention, particularly in the areas of critical communications infrastructure, law enforcement and maintaining a safe and secure online environment.

Implementation of changes to the telecommunications regulatory regime associated with the Government's policy to sell its remaining ownership of Telstra will be a major task. New regulatory requirements to enhance competition and improve customer service will require close consultation with the carriers, the Australian Competition and Consumer Commission, the Australian Communications and Media Authority, industry and consumer groups. It is also likely that the Department will assume responsibility for putting in place a range of new regional communications programs as part of the commitment to future-proof telecommunications services to regional Australia.

The increasing prominence being given to information and communications technologies as sources of productivity growth will see continuing emphasis on policy development in this sector, with research, skills and training receiving particular attention.

SECTION 1

Cooperation with state, territory and local governments will continue to be a priority in 2005–06. In particular, the Department will work through the Online and Communications Council, the National Broadband Strategy Implementation Group and the Cultural Ministers Council on issues that are a priority for both levels of government. In addition, the Department is strongly committed to participating in bilateral arrangements being developed with states and territories to improve the delivery of services to Indigenous people.

As the March 2006 Commonwealth Games in Melbourne draws closer, the Department will be working closely with the relevant Victorian authorities to ensure that Australian Government support is well delivered and contributes to Australia staging a successful Games. The implementation of the Government's decisions on the Orchestras Review 2005 will also be important, with initial emphasis being given to concluding negotiations with state governments on the funding arrangements.

Finally, an external review of the Department's Client Service Charter will be finalised in 2005–06 to help ensure that the Department remains responsive and accountable to its clients.

The achievements of the last year were only possible because of the dedication and professionalism of departmental staff, and I would like to record my very real appreciation for their expertise and commitment.

Helen Williams

Departmental overview

The vision of the Department of Communications, Information Technology and the Arts is for a better future for all Australians by the continued development of world-class Australian communications, information technology, cultural and sport sectors. The goal of the Department is to contribute to the development of telecommunications, broadcasting, information technology, cultural and sports sectors in Australia that are:

- vigorous and sustainable in a global environment;
- innovative, creative and support excellence;
- increasingly accessible to all Australians; and
- enhancing the efficiency and productivity of the Australian economy.

To support this vision and goal, the Department is committed to providing high-quality strategic advice and professional support to ministers and the Australian Government on a wide range of policy areas including broadcasting and online regulation, telecommunications, information and communications technology (ICT), the information economy, cultural development, and the arts and sport.

The Department also administers legislation and regulations and delivers a wide range of programs and services.

In pursuing its goal, the Department is committed to the APS Values and Code of Conduct. In particular, it:

- applies the highest standards of professionalism, ethics, probity and accountability;
- values responsiveness, initiative, flexibility, innovation and creativity;
- provides a safe working environment;
- promotes diversity, learning and development, communication and equity in employment;
- supports staff to achieve an effective work/life balance; and
- encourages the sharing of knowledge between staff.

Corporate priorities

During the year the Department developed a new Corporate Plan to cover the period 2005 to 2008. This revision, which was approved in June 2005, was undertaken to take account of the functional changes since the preparation of the 2003–06 Corporate Plan. The key sectoral business priorities for 2004–05 are listed below.

Priorities for 2004–05

Communications

- supporting an environment which facilitates innovation and the development and implementation of new technologies, applications and services, and which promotes access to those services on a sustainable basis;

- developing and maintaining regulatory frameworks that are responsive to changing market environments in the telecommunications, broadcasting, online and postal sectors;

- strategically advancing Australia's interests in international forums; and

- continuing to implement programs directed at improving service levels in regional and remote areas.

Information economy

- encouraging the development of Australia's ICT industry as part of the Government's broader innovation agenda;

- seeking to ensure that all Australians have the capabilities, networks and tools to participate in the information economy;

- seeking to ensure the security and interoperability of Australia's information infrastructure, and supporting confidence in digital services; and

- developing ICT research networks as platforms for enhanced national and global research collaboration so as to enhance productivity growth and industry transformation.

Arts

- delivering effective funding programs that provide access and support to, and encourage participation in, cultural activities, particularly in regional and remote areas;

- working closely with portfolio and other agencies and state and territory governments to ensure that cultural objectives are achieved through the development of broader government, bilateral and multilateral initiatives;

- managing and developing Old Parliament House as a heritage site of national significance, and the Old Parliament House and National Portrait Gallery collections; and

- managing and developing Artbank as a means of providing support for the contemporary visual arts and craft sector.

Sport

- providing high-quality advice and support to the Government across the range of current sport policy issues, including Australia's implementation of the World Anti-Doping Code;

- working with the Australian Sports Commission and the Australian Sports Drug Agency to implement the Government's objectives for the Australian sports system;

- providing effective and efficient management of the Indigenous Sport and Recreation Program, the National Recreation Safety Program and the Sport and Recreation (Anti-Doping) Program; and

- effectively coordinating the Australian Government's involvement in the Melbourne 2006 Commonwealth Games.

The Department's achievement of these priorities is discussed in sections 2 and 3 of the report.

Ministerial arrangements

Senator the Hon Helen Coonan succeeded the Hon Daryl Williams AM, QC as Minister for Communications, Information Technology and the Arts on 18 July 2004.

Senator the Hon Rod Kemp served as Minister for the Arts and Sport throughout 2004–05.

Department contact details

As at 30 June 2005, the Communications, Information Technology and the Arts portfolio consisted of the Department, including Artbank, Old Parliament House and the National Portrait Gallery, and 21 other agencies.

Contact details for the Department

Department of Communications, Information Technology and the Arts

38 Sydney Avenue Forrest ACT 2603
GPO Box 2154 Canberra ACT 2601
Tel: 02 6271 1000
Fax: 02 6271 1800
dcita.mail@dcita.gov.au
www.dcita.gov.au

Artbank

enquiries@artbank.gov.au
www.artbank.gov.au

Sydney showroom

50C Rosebery Avenue Rosebery
NSW 2018
Tel: 02 9662 8011
Fax: 02 9662 2563

Melbourne showroom

845 High Street Armadale Vic 3143
Tel: 03 9500 2119
Fax: 03 9500 2612

Old Parliament House

King George Terrace Parkes ACT 2600
GPO Box 2154 Canberra ACT 2601
Tel: 02 6270 8222
Fax: 02 6270 8111
info.oph@dcita.gov.au
www.oph.gov.au

National Portrait Gallery

Old Parliament House
King George Terrace
Parkes ACT 2600
GPO Box 2154 Canberra ACT 2601
Tel: 02 6270 8210
Fax: 02 6270 8181
npg@dcita.gov.au
www.portrait.gov.au

Portfolio structure

Portfolio agencies as at 30 June 2005 are listed below.

Contact details are at appendix 1.

- Australia Business Arts Foundation
- Australia Council
- Australian Broadcasting Authority*
- Australian Broadcasting Corporation
- Australian Communications Authority*
- Australian Film Commission
- Australian Film, Television and Radio School
- Australian National Maritime Museum
- Australian Postal Corporation
- Australian Sports Commission
- Australian Sports Drug Agency
- Bundanon Trust
- Film Australia Limited

- Film Finance Corporation Australia Limited
- National Archives of Australia
- National Gallery of Australia
- National Library of Australia
- National Museum of Australia
- NetAlert Limited
- Special Broadcasting Service Corporation
- Telstra Corporation Limited

Department's organisational chart (overleaf)

The Department is organised into divisions which broadly support the outcome and output structure. The organisational chart overleaf reflects the organisational structure as at the end of June 2005.

* The Australian Broadcasting Authority and the Australian Communications Authority merged on 1 July 2005 to become the Australian Communications and Media Authority.

Organisational chart

Figure 1 Organisational chart

HELEN WILLIAMS
Secretary
Department of Communications,
Information Technology and the Arts

Chief Operating Officer
Corporate & Business
Frank Nicholas (A/g)

- General Manager IT & Facilities (+ CIO)
  Mike Hutchings
- General Manager HR & Communications
  Cheryl Watson (A/g)
- Manager Governance
  Rob Lejsek
- Manager Parliamentary Liaison
  Damian Tuck
- Regional Network Manger
  Tim Cornforth

Chief Financial Officer
Finance & Budgets
Jennifer Gale

- General Manager Corporate Finance
  Robert Davey (A/g)
- General Manager Corporate Budgets
  Helen Peel (A/g)

General Counsel
Legal Group
Don Markus

- Senior Adviser Legal Group
  Kim Allen
- Principal Lawyer Corporate
  David Cooke
- Manager Contracts Unit
  Michael Honan
- Principal Lawyer Broadcasting & Information Economy
  David Smith
- Principal Lawyer Telecommunications
  Jodi Ross
- Principal Lawyer Arts & Sport
  Trish Taylor

14

Deputy Secretary Information Economy — Rod Badger

- Chief General Manager Information Economy — Keith Besgrove
  - General Manager Strategy — James Shaw
  - General Manager Access — Lindsay Barton
  - Genera Manager Security & Business Environment — Ashely Cross
  - General Manager Research, Statistics & Technology — David Kennedy
- Chief General Manager Info. & Communications Technology (ICT) — Beverly Hart
  - General Manager ICT Industry — Philip Allnutt
  - General Manager Regional Communications Initiatives — Andrea Grosvenor (A/g)
  - General Manager Creators' Rights and Access — Simon Cordina

Deputy Secretary Communications — Fay Holthuyzen

- Chief General Manager Telecommunications — Brenton Thomas
  - General Manager Enterprise & Infrastructure — Don Williams (A/g)
  - General Manager Telecommunications Competition & Consumer — Simon Bryant
  - General Manager Regional Communications Policy — Carolyn McNally
  - General Manager International — Greg Terrill
  - General Manager Strategic Policy — Tom Dale
- Chief General Manager Broadcasting — James Cameron
  - General Manager Public Broadcasting — Rohan Buettel
  - General Manager Licensed Broadcasting — Gordon Neil
  - General Manager Digital Broadcasting & Spectrum Management — Simon Pelling

Deputy Secretary Arts & Sport — Lynn Bean (A/g)

- Chief General Manager Arts & Sport — Colin Lyons (A/g)
  - General Manager Sport — Kevin Isaacs
  - Security Adviser M2006 Comm. Games — Lindsay Hansch
  - General Manager Collections — Paul McInnes
  - General Manager Old Parliament House — Kate Cowie
  - Director National Portrait Gallery — Andrew Sayers
- General Manager Indigenous Culture & Arts Support — Les Turner
- General Manager Indigenous Arts & Training — Sally Basser
- Director Artbank — Antonia Syme
- General Manager Film & Digital Content — Peter Young
- General Manager Arts, Regional & Governance — Mark Taylor

Departmental structure

The Department's Executive comprises Helen Williams AO, Secretary of the Department, Fay Holthuyzen, Deputy Secretary for Communications, Rod Badger, Deputy Secretary for Information Economy, and Lynn Bean, Acting Deputy Secretary for Arts and Sport. The role of the Executive Group is discussed in detail in section 3 of the report.

The Department's Executive, from l to r Fay Holthuyzen, Deputy Secretary for Communications; Rod Badger, Deputy Secretary, Information Economy; Helen Williams, Secretary; Lynn Bean, Acting Deputy Secretary, Arts and Sport

Outcome and output structure

The Department's outcome and output structure, on which performance reporting is based for 2004–05, reflects the diverse nature of the Department. The reporting structure is set out below.

Outcome 1 Development of a rich and stimulating cultural sector for all Australians

Output 1.1 Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, cultural collections and Indigenous languages

Output 1.2 Preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections

Outcome 2 Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians

Output 2.1 Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector

Outcome 3 Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and information and communications technology industry

Output 3.1 Policy advice and program management which encourages competitively priced and reasonably accessible telecommunications and postal services

Output 3.2 Policy advice and program management which promote accessible high-quality broadcasting services

Output 3.3 Policy advice and program management that assist the development of the information and communications technology industry

Output 3.4 Policy advice and program management of copyright issues that encourage the production of content and promote reasonable access to research and cultural materials

Output 3.5 Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally

SECTION 1

17

Changes to the outcome and output structure

2004–05 Portfolio Budget Statements	2004–05 Portfolio Additional Estimates	2005–06 Portfolio Budget Statements
Outcome 1 Development of a rich and stimulating cultural sector for all Australians	Outcome 1 No change	Outcome 1 No change
Output 1.1 Policy advice, program management and agency support which promotes access to and excellence in Australia's cultural activities and preservation and development of our cultural collections	Output 1.1 Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, cultural collections and Indigenous languages — Output 1.1 has been broadened and amended to include reference to the Indigenous languages program element which was transferred to the Department after the 2004–05 Budget	No change
Output 1.2 Preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections	Output 1.2 No change	No change
Outcome 2 Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians	Outcome 2 No change	Outcome 2 No change
Output 2.1 Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector	While the outcome and output structure for Outcome 2 has not changed, output 2.1 will now also: • deliver the Sporting Opportunities for Indigenous People program; and • administer financial support for the development of sporting facilities approved by the Australian Government	No change

2004–05 Portfolio Budget Statements	2004–05 Portfolio Additional Estimates	2005–06 Portfolio Budget Statements
Outcome 3	Outcome 3	Outcome 3
Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians and an internationally competitive information economy and information and communications technology industry	No change	No change
Output 3.1	Output 3.1	Output 3.1
Policy advice and program management which encourages competitively priced and reasonably accessible telecommunications and postal services	No change	No change
Output 3.2	Output 3.2 will now also deliver the Indigenous Broadcasting Program reflecting the transfer of some Indigenous functions to the Department	Output 3.2
Policy advice and program management which promote accessible high-quality broadcasting services		No change
Output 3.3	Output 3.3	Output 3.3
Policy advice and program management that assist the development of the information and communications technology Industry	No change	No change
Output 3.4	Output 3.4	Output 3.4
Policy advice and program management of copyright issues that encourage the production of content and promote reasonable access to research and cultural materials	No change	Policy advice on intellectual property issues which supports the objectives of the portfolio, including encouraging the growth of the information economy, the production of content and the promotion of reasonable access to research and cultural materials
Output 3.5	Output 3.5	Output 3.5
Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally	No change	No change

SECTION 1

Performance review

SECTION 2

Development of a rich and stimulating
cultural sector for all Australians

Outcome 1

Resources for outcome

Outcome 1

Development of a rich and stimulating cultural sector for all Australians

	(1) Budget 2004–05* $'000	(2) Actual 2004–05 $'000	Variation (column 2 minus column 1) $'000	Budget 2005–06** $'000
Administered expenses (including third-party outputs)	155 575	153 535	-2 040	179 679
Total administered expenses	155 575	153 535	-2 040	179 679
Price of departmental outputs				
Output 1.1 Policy advice, program management and agency support which promotes access to and excellence in Australia's cultural activities, cultural collections and Indigenous languages	29 239	29 240	1	31 573
Output 1.2 Preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections	17 161	17 569	408	16 609
Revenue from Government (appropriation) for departmental outputs	40 515	40 570	55	42 721
Revenue from other sources	5 885	6 239	354	5 461
Total price of outputs	46 400	46 809	409	48 182
TOTAL FOR OUTCOME 1 (Total price of outputs and administered expenses)	201 975	200 344	-1 631	227 861

	2004–05	2005–06
Average staffing level	277	317

* Budget estimates as at 2004–05 Portfolio Supplementary Additional Estimates Statement

** Budget estimates are as at 2005–06 Portfolio Budget Statements

Performance information index

	Annual report page reference	PBS page reference
Outcome 1 Development of a rich and stimulating cultural sector for all Australians	26	48
Administered items		
Touring programs	31	48
Arts training organisations	33	39
Commonwealth and public companies	34	48
Cultural Ministers Council and related initiatives	35	48
Public Lending Right and Educational Lending Right schemes	37	49
Art Indemnity Australia	38	49
Departmental items		
Output 1.1 Policy advice, program management and agency support which promotes access to and excellence in Australia's cultural activities, cultural collections and Indigenous languages	44	49 34 (PAES)
Output 1.2 Preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections	59	50

SECTION 2

Achievement of outcome

Development of a rich and stimulating cultural sector for all Australians

Australia's distinctive culture reflects its experiences, history and sense of identity. It has ancient and diverse Indigenous cultures which include Indigenous languages and strong traditions in the visual and performing arts. Australians share and enjoy cultural expressions and are keen participants in, and audiences for, arts activities.

The cultural sector in Australia is multi-faceted, active and innovative, practising both traditional and contemporary artforms. Arts organisations range from major national companies of world renown to small groups with local audiences. Individual Australian artists have built world-class careers. Galleries, museums, libraries and archives can be found around Australia and vary from small, themed museums to significant national institutions. Australia's film industry is well established and highly regarded internationally.

The Australian Government provides support to arts practitioners and the national cultural institutions and supports access to arts and cultural activities for Australians across the country. In recent years there have been a number of significant reviews of different elements of the cultural sector which have resulted in additional funding and strategic policy change.

The Department provides advice to the Government on cultural policy issues and works closely with portfolio agencies and other departments to develop and implement cultural policy for the Government. It directly manages Old Parliament House, the National Portrait Gallery and Artbank which form part of the Department. It also provides support for the national cultural institutions such as the National Gallery of Australia and the National Library of Australia.

The Minister for Communications, Information Technology and the Arts, Senator Helen Coonan, meeting with the Irish Minister for Communications, Marine and Natural Resources, Noel Dempsey TD

Access and excellence in Australia's cultural activities and preservation and development of our collections

Government support for cultural activities has the twin objectives of enabling arts organisations and practitioners to achieve excellence in their artform and enhancing the community's access to cultural activities.

While significant direct support for arts organisations and practitioners is provided by the Government through funding agencies such as the Australia Council for the Arts and the Australian Film Commission, some key cultural programs are administered directly by the Department. These include a range of programs aimed at enhancing community access to Australia's cultural experiences, and several tax incentive programs for the cultural sector generally and the film sector in particular.

Efficient and effective administration of the cultural touring programs and the Regional Arts Fund is a key activity for the Department. The touring programs, including the Contemporary Music Touring Program, Festivals Australia, Playing Australia and Visions of Australia, and the Australian Film Commission's Big Screen, continued to support access to quality cultural experiences, particularly in regional and remote areas, and provided opportunities for smaller arts companies,

including those from outside the major capitals, to undertake touring. Funding was provided to major organisations such as the Australian Ballet and the National Gallery of Australia and to smaller organisations such as Co-Opera Inc and the Orange Regional Gallery, making a wide range of arts programming available to audiences in all states and territories.

The Government increased funding for the successful performing arts touring program Playing Australia by $2 million a year in the 2004–05 Budget.

In addition, in December 2004 the Government provided further funding of $5.4 million over four years to expand the Regional Arts Fund and to continue the Creative Volunteering—No Limits program, which provides funding to increase the professional skills of volunteer workers in the arts and collections sector in regional and remote Australia. This increased the Regional Arts Fund allocation to $16.1 million over four years.

As part of the No Limits program expansion, two new course modules will be developed, one on governance and one on people and partnerships. The Department works closely with Regional Arts Australia to ensure the success of the Creative Volunteering program in each state.

The fourth OZeCulture conference, held in Byron Bay, New South Wales, from 6 to 8 April 2005, promoted developments in e-culture, creative industries and

e-business to people in regional Australia. The conference featured Australian and international keynote speakers on a broad range of topics about the latest developments, opportunities and challenges for creative industry practitioners. This is the first time the conference has been held in regional Australia.

The Department continued to work closely with the Australia Council and state and territory arts agencies to support excellence in arts practice.

A major review of the orchestral sector was completed. The review panel, chaired by Mr James Strong and including Professor Malcolm Gillies and Mr Peter Grant, was supported by staff of the Department and the Australia Council. The Orchestras Review 2005 recognised the important contribution Australia's major symphony, opera and ballet orchestras make to the cultural life of the nation, and made recommendations to enhance the sustainability of the orchestras over the next decade and to improve their financial and artistic outlook. The majority of those recommendations have been accepted by Government and will be implemented in 2005–06. Funding of up to $25.4 million to over four years was announced in the 2005–06 Budget.

The Department and the Australia Council continued to monitor the implementation of the recommendations of the 1999 Major Performing Arts Inquiry. Recognising the financial challenges faced by the major

performing arts organisations, the 2005–06 Budget included a commitment of an additional $3.9 million over four years for the major performing arts companies to improve their financial stability.

The Department has continued to oversee the implementation of the 2003 Visual Arts and Crafts Strategy, an agreement between the Australian Government and state and territory governments in response to the *Report of the Contemporary Visual Arts and Crafts Inquiry* (the Myer report) which resulted in a $39 million increase in funding. In its second year of funding, the strategy continued to make a significant impact on individual visual artists and craft practitioners, and on more than 30 organisations in the sector around the country.

The Department continued to support the sustainability of Australia's elite arts training organisations by administering grants to these organisations. In February 2005, the Department briefed the Australian Roundtable for Arts Training Excellence on strategic and business planning requirements and gave feedback to the individual arts training organisations on their business plans.

A significant change for this outcome in 2004–05 was the transfer to the Department of Indigenous cultural programs, formerly delivered by the Aboriginal and Torres Strait Islander Services agency. In 2004–05, the Department managed total funding

of $18.9 million (of which $9.6 million was the Department of Immigration and Multicultural and Indigenous Affairs component) to support Indigenous visual art and craft, culture and languages programs. Indigenous peoples' access to culturally appropriate services was significantly increased by these programs. By supporting Indigenous art centres, for example, a significant number of established and emerging Indigenous visual artists were able to produce art works, develop their skills, and have their work promoted and sold. This in turn contributed to Australian and international audiences gaining an increased understanding of the richness and diversity of Australian Indigenous cultures.

The Department supports the sustainability of regional collections and collecting institutions through the initiatives of the Cultural Ministers Council which are administered by the Department, and by working in partnership with the national collecting institutions.

During the year the Department managed, on behalf of Cultural Ministers Council, a major redevelopment of the Collections Australia Network, an online resource for regional collecting institutions. The network provides a gateway to more than 1500 museums, galleries, archives and libraries throughout Australia.

The Collections Council of Australia was established to provide strategic advice to cultural ministers on the issues facing galleries, libraries, archives and museums. The Department provided initial secretariat support for the council.

The Department supported the Community Heritage Grants Program, a joint initiative with the Australian Film Commission, the National Archives of Australia and the National Library of Australia. Fifty-five grants were awarded to community organisations and collecting institutions to preserve significant objects within their collections.

The Department also supported the Maritime Museums of Australia Project Support Scheme, administered by the Australian National Maritime Museum. Twelve grants worth a total of $30 000 were provided under the scheme to non-profit maritime museums and historical societies to assist them to conserve and display their maritime heritage. Since the scheme was initiated in 1995, a total of 113 projects across Australia have been supported.

Preservation of and access to Old Parliament House, the National Portrait Gallery and their respective collections

The Old Parliament House is an iconic heritage building and an important part of Australia's history, and is symbolic of the development of Australian democracy. It is a landmark Canberra attraction, much loved by Australians, in particular those

associated with the building during the long period when it housed the Australian parliament.

The National Portrait Gallery is the newest of Australia's national cultural institutions, having opened in Old Parliament House in 1999 and at Commonwealth Place in 2002, but it has already developed a significant collection and a substantial reputation for the quality of its exhibitions. The gallery's vision is to increase the understanding of the Australian people— their identity, history, creativity and culture—through portraiture.

Old Parliament House and the National Portrait Gallery continued to extend their audience reach during the year through new in-house exhibitions and programs, travelling exhibitions and website access. There was a 23 per cent increase in the number of visitors to Old Parliament House and Commonwealth Place compared with the previous year and increases of more than 160 per cent in visits to the Old Parliament House and National Portrait Gallery websites.

A program of special events and activities throughout the year, including a very successful open day and the 78th birthday celebrations, attracted large numbers of visitors to Old Parliament House.

Collections held by the National Portrait Gallery and Old Parliament House continued to grow as a result of commissions, purchases and donations.

Old Parliament House's five-year program of capital works for the conservation and restoration of the building continued in 2004–05. In the longer term, the building works will greatly improve access and enhance the visitor experience.

Megan Rogers, Heritage Officer, Old Parliament House, in the Government Party Room with figures of former prime ministers Sir Robert Menzies and Joseph Lyons

Administered items

Touring programs

Impact of funding

The Department's management of the national cultural touring programs is directed towards ensuring that audiences around the country, particularly those in regional and remote areas, have expanded opportunities to see and experience Australian artists and arts projects.

During 2004–05, funding of more than $8.96 million was approved by the Minister for the Arts and Sport for 249 cultural projects supported through the Playing Australia, Visions of Australia, Festivals Australia, Contemporary Music Touring and Big Screen programs. The approved projects covered a range of artforms and styles and supported tours to all states and territories. Examples of the projects approved are set out below.

- The Queensland Music Festival received $25 000 for a performance-based project, *Ballet of the Bobcats*, presented in Mount Isa.

- The Denmark Arts Council in Western Australia received $11 600 to produce an artwork, *The Six Seasons*, involving an Indigenous artist collaborating with Indigenous and non-Indigenous members of the community, presented at the Brave New Worlds 12 Festival.

- Support of $257 050 enabled Playbox Theatre Company to tour their production of *Minefields and Miniskirts*

The Minister for Arts and Sport, Senator the Hon Rod Kemp, meeting with the Festivals Australia committee: from l to r Kim Hanna, Barry McNamara, Susan Richer, Michael Harris, Senator Kemp, Marcus Canning (Chairperson), Darren McCubbin

Outcome 1—Administered items

to 25 venues in five states and two territories.

- Songwriter and performer Mishelle Bradford Jones received $9580 to tour 11 venues in Queensland to perform music from her debut album *Firefly*.

- Art on the Move received $27 720 to tour *Pojagi and Beyond*, an exhibition of Korean-style textiles created by Australian fibre artists. The exhibition is touring to 12 venues across Australia, including regional and remote areas such as Broken Hill, Katanning, Port Hedland and Tamworth.

More than 90 per cent of performing arts, festivals and contemporary music grant recipients surveyed during 2003–04 considered the programs critical for building organisational capability, assisting skills transfer, developing artistic careers and contributing to future sustainability. The 2004–05 acquittals ranked Visions of Australia's role in building organisational

capability as good (56 per cent) or outstanding (43 per cent).

The number of locations and types of tours funded across regions in 2004–05, set out in figure 2.1, demonstrates the broad impact and significance of the major touring programs

The Government provided an additional $2 million a year to Playing Australia in the 2004–05 Budget. This initiative responds to demand from communities across Australia and will increase funding to around $5.8 million a year, enabling more tours to be funded, particularly to regional and remote communities.

The 2005–06 Budget provided funding of $1.5 million over three years to establish Regional Residencies, a new initiative of the Festivals Australia program. The Department will administer the additional funding, which will help to extend the impact of the program to

Figure 2.1 Number of metropolitan (M) and regional (R) locations visited by touring exhibitions and productions, 2004–05

Program	ACT		NSW		VIC		SA		QLD		NT		WA		TAS	
	M	R	M	R	M	R	M	R	M	R	M	R	M	R	M	R
Contemporary Music Touring Program	12	0	29	92	27	46	14	1	18	48	0	7	14	28	8	6
Playing Australia	12	0	33	121	41	107	9	32	12	129	14	19	19	71	10	15
Visions of Australia	2	0	6	47	11	27	8	9	8	16	3	3	6	16	4	3

regional communities with artists working with local communities to develop an Australian story relevant to the community or region. Work commenced in 2004–05 on implementing this new initiative, including developing program guidelines and selection criteria.

The Big Screen travelling Australian film festival visited 18 regional centres around the country, reaching 14 990 people. This brings the attendance for Big Screen events since 2001 to more than 89 000 people in 48 regional centres. Films screened included the silent classic *The Sentimental Bloke*, and new releases such as Paul Cox's *Human Touch*. Many guests associated with the films attended different screenings including actors Gary Sweet, Michael Caton and Chris Hayward.

Arts training organisations

Efficient and timely administration of funding agreements

The Australian Government supports the national performing arts training organisations to provide elite level training that equips Australians for performance roles and in performance support areas such as direction and costume design.

Seven national performing arts training organisations received funding totalling $14.8 million in 2004–05. Funding is

provided from the Cultural Development Program through comprehensive funding agreements, which set out the outputs and reporting obligations of the organisations.

The organisations funded in 2004–05 were:

- Australian Ballet School;
- Australian National Academy of Music;
- Australian Youth Orchestra;
- Flying Fruit Fly Circus;
- National Aboriginal and Islander Skills Development Association;
- National Institute of Circus Arts; and
- National Institute of Dramatic Art.

Funding of $1.62 million was also provided for capital works and maintenance on the National Institute of Dramatic Art building, which is owned by the Commonwealth.

In 2004–05, all training organisations achieved results consistent with the terms of their funding agreements, and acquitted their payments within the specified timeframes.

Nine hundred and twelve students were enrolled in the training organisations in 2004–05. Many graduates of the training institutions found work in their chosen fields, including with prestigious national and international companies. For example, three graduates from National Institute of Circus Art now

SECTION 2

work with Cirque du Soleil and 11 of 17 graduates from the Australian Ballet School have found permanent employment with leading dance companies.

The National Aboriginal and Islander Skills Development Association, under the leadership of its board, undertook considerable reforms in this period. New structures and procedures were implemented, including changes to business operations and management, curriculum and student support systems.

Commonwealth and public companies

Efficient and timely administration of funding agreements and reporting arrangements

The Department administers grants to a small number of companies operating in the cultural sector. The funding allocated to these companies over the last three years is set out in figure 2.2 below.

In 2004–05, all institutions met their respective reporting requirements and payments were acquitted for the most part within the specified timeframes.

- The Film Finance Corporation invested $87.9 million in a diverse slate of feature films, television drama and documentaries, which generated a total production value of $228.6 million. A major strategic development was the introduction of a two-door evaluation and marketplace system for feature film funding, aimed at improving the quality and audience reach of projects receiving Film Finance Corporation investment.

- Film Australia Limited delivered 20 National Interest Program points consistent with its obligation to produce 100 program points under the five-year contract with the Department.

- The Australian Children's Television Foundation opened up new overseas markets for its Kahootz multimedia project.

Figure 2.2 Funding allocated to Commonwealth and public companies

Institution	2002–03 $m	2003–04 $m	2004–05 $m
Film Finance Corporation Australia	57.500	60.500	65.500
Film Australia Limited*	9.809	9.993	10.848
Australian Children's Television Foundation	2.434	2.472	2.511
Ausfilm	1.000	1.023	1.047
Bundanon Trust*	—	0.204	0.436
Australia Business Arts Foundation*	1.600	1.665	1.652

* These entries include supplementation provided in 2003–04 and 2004–05 to cover expenses associated with implementing the Government reporting requirements under the budget estimates framework review and supplementation for insurance provided by Comcover.

- Ausfilm continued to promote and market Australia internationally as a destination for film-making. In 2004–05, nine foreign feature films, three co-productions and one foreign television production were made in Australia.

- There was continued strong growth in participation in the access and education programs of Bundanon Trust, with an overall increase of eight per cent compared with 2003–04.

- The Australia Business Arts Foundation exceeded planned targets in many of its programs including state chapter activities, skills development, and business skills volunteering programs. The joint Business Arts Foundation and Australia Council cultural philanthropy initiative, Artsupport Australia, launched the new publication *Building relationships and securing donations: a guide for the arts*, an important resource for arts and cultural organisations.

During the year, the Department worked with relevant companies on the development of their respective 2004–05 corporate plans for the Minister's approval.

The Department provided ongoing advice and assistance to the smaller Commonwealth companies, Film Australia Limited, Bundanon Trust and the Australian Business Arts Foundation, on a range of issues including reporting and governance requirements, financial reporting and grant management.

Cultural Ministers Council and related initiatives

The Cultural Ministers Council is the ministerial forum for the exchange of views on issues affecting cultural activities in Australia and New Zealand. The Cultural Ministers Council provides a forum for cultural cooperation between the Australian Government, Australian states and territories and New Zealand. It comprises the ministers responsible for cultural activities in the Australian Government, the Australian states and territories and New Zealand. Cultural ministers from Papua New Guinea and Norfolk Island and a representative from the Australian Local Government Association have observer status.

The Cultural Ministers Council Standing Committee met in November 2004 and preparations were made for the council to meet in early August 2005. The Department provided secretariat support to the the council, the standing committee and the Statistics Working Group, a subcommittee of the standing committee. In addition, the majority of Cultural Ministers Council initiatives are managed by the Department on behalf of the council. These initiatives can at times require significant investment of departmental staff resources.

SECTION 2

Key initiatives undertaken

The Collections Council of Australia was established as an independent forum to address strategic issues across the collections sector. Its main role includes industry development, support and projects, which include developing long-term strategies to address issues facing collections, industry support through developing a profile for the sector at national and international levels, and implementing initiatives to address cross-sectoral issues. The Department also administers a funding agreement with the Collections Council on behalf of the Cultural Ministers Council, and acted as the Collections Council's interim secretariat until 18 March 2005.

The Department administers the Return of Indigenous Cultural Property program on behalf of the Cultural Ministers Council. The Return of Indigenous Cultural Property program funds major state and Northern Territory museums and the National Museum of Australia to expedite the repatriation of Australian Indigenous human remains and secret sacred objects from their collections to Indigenous communities of origin. Return of Indigenous Cultural Property is designed to augment existing museum repatriation activities.

By April 2005, more than 950 ancestral remains and more than 1060 secret sacred objects had been returned to Indigenous communities since the program commenced in 2001. Participating museums have advised that all relevant communities have been informed of their holdings. Progress has been slower than anticipated, however, because of the complexities associated with the program and the need for extensive consultation with Indigenous communities on very sensitive issues.

During 2004–05, the Department continued to administer the contract for the delivery of the Collections Australia Network (formerly Australian Museums and Galleries Online) on behalf of the Cultural Ministers Council as an online resource for use across the collections sector. During this time the website was redeveloped and expanded to include the archives, galleries, libraries and museums sectors. Use of the Collections Australia Network has continued to climb, averaging 4494 daily user sessions in May 2005, a 13 per cent increase on May 2004.[1]

[1] May 2004 and 2005 Australian Museums and Galleries Online figures used here as monitoring were migrated to the new website in early June 2005. As both sites are currently operational, comprehensive daily use figures will not be available until the Australian Museums and Galleries Online website has been archived.

Public Lending Right and Educational Lending Right schemes

Increased access to Australian books in public and educational libraries

The Educational Lending Right and Public Lending Right programs provide payments to eligible Australian creators (authors, editors, illustrators, translators and compilers) and publishers whose books are held in educational and public lending libraries. Both programs support the enrichment of Australian culture by encouraging the growth and development of Australian writing and publishing. The Public Lending Right program was established in 1974 and is ongoing. The Educational Lending Right program was established in 2000 as a component of the Books Industry Assistance Plan. In the 2004–05 Budget, the Government announced funding of $44 million over four years to continue the Educational Lending Right program

The number of titles registered with the Public Lending Right program that received a payment in 2004–05 was 21 408, while 33 565 titles were registered with the Educational Lending Right program. Payments were calculated from the results of the annual sample surveys of books held in public lending libraries and educational lending libraries.

While the total number of public lending right payments to creators and publishers has increased steadily, there has been a

Figure 2.3 Public lending right payments

| | Number of payments made | | Publishers | Total payments $m |
	New claimants	Creators		
2002–03	429	8384	319	6.259
2003–04	403	8409	328	6.501
2004–05	412	8605	344	6.817

Figure 2.4 Educational lending right payments

| | Number of payments made | | Publishers | Total payments $m |
	New claimants	Creators		
2002–03	494	7311	283	9.300
2003–04	411	7981	304	10.230
2004–05	540	8681	314	10.377

significant increase in new claimants with the Educational Lending Right program as the program becomes more widely known and as publishing in the educational sector continues to expand in Australia. The Public Lending Right program, on the other hand, is a mature program that is well known among creators. This means that significant rises in the numbers of claimants are less likely. Payments under the Public Lending Right and Educational Lending Right programs are set out in figures 2.3 and 2.4.

When asked about their satisfaction with the Department's service, 79 per cent of annual client survey respondents in the lending rights schemes group rated their satisfaction as good or excellent.

Art Indemnity Australia

Australians have a wide access to exhibitions of significant Australian and international cultural material

Art Indemnity Australia is the program through which the Government indemnifies owners against loss of, or damage to, works loaned for exhibitions of significant cultural material. This indemnity by the Australian Government makes it possible for some of the world's greatest masterpieces to be brought to and exhibited in Australia. An additional $6.1 million was provided to Art Indemnity

Australia in the 2004–05 Budget to purchase insurance coverage for material (or cultural property) loaned for major cultural exhibitions touring Australia. This brings total funding for Art Indemnity Australia to $12.7 million over four years.

In 2004–05, Arts Indemnity Australia indemnified the following exhibitions.

- *John Glover and the Colonial Picturesque*
- *The Edwardians: Secrets and Desires*
- *The Impressionists: Masterpieces from the Musée d'Orsay*
- *Dutch Masters from the Rijksmuseum, Amsterdam*

Over the past four financial years there have been no indemnity claims under the Art Indemnity Australia program. The program aims to achieve an equitable geographic spread of exhibitions over time. In 2004–05, Arts Indemnity Australia provided access to cultural exhibitions in a number of states and the Australian Capital Territory.

During the year, as shown in figure 2.5, there were fewer venues for, and a more limited geographic spread of, indemnified exhibitions compared with the previous two years, when the indemnified exhibition *Out and About* toured works of art from the National Gallery of Australia's collection to state and regional galleries. Rather than touring to a small number of venues, *Out and About* toured individual major works to a larger number of venues.

Case study

The Petrov Affair exhibition at Old Parliament House

On 12 August 2004, the Minister for Communications, Information Technology and the Arts, Senator the Hon Helen Coonan, opened an exhibition about the Petrov Affair at Old Parliament House—the building where much of the drama of the affair had unfolded 50 years earlier.

Senator Coonan observed that few events in Australia's political history have captured the imagination of more Australians than the Petrov Affair.

On 3 April 1954, at the height of the Cold War, Vladimir Petrov, the Third Secretary at the USSR Embassy in Canberra and a Soviet intelligence agent, defected to Australia. Petrov had been spying on Soviet citizens and attempting to infiltrate and destablise 'anti-Soviet emigre communities'.

He produced documents containing evidence of Soviet espionage in Australia.

Petrov kept the defection a secret from his wife, Evdokia Petrov, who was also a Soviet intelligence officer. After her husband's defection, she was detained at the Soviet Embassy. On the morning of 19 April, she left the Soviet Embassy bound for Sydney's Mascot Airport to take a flight home.

Many Australians believed that Mrs Petrov was being forced to return to Russia and, as the wife of a Communist defector, she would face certain execution there. By the time she arrived at the airport with her Soviet security escorts a large and angry crowd had gathered to save her.

Flanked by her guards, Mrs Petrov was led to the plane. While the plane was in flight, ASIO made arrangements to offer Mrs Petrov political asylum when her plane touched down in Darwin, its last Australian stop.

The Old Parliament House exhibition describes the Petrovs' life in Australia during the Cold War. Visitors could relive Mrs Petrov's dramatic departure scene at Mascot Airport, where she lost one of her shoes.

The exhibition displayed material never before seen in public, such as the famous Documents H and J which contain evidence of Soviet espionage in Australia, secretly taken photographs, and ASIO recordings of conversations between spies and counterspies.

The Petrov Affair is an example of an Old Parliament House exhibition bringing Australian history alive. It has been one of its most popular exhibitions, attracting more than 52 000 visitors.

Members of the public enjoying the Petrov Affair *exhibition at Old Parliament House*

Figure 2.5 Art Indemnity Australia—number of venues and geographic spread

	2001–02	2002–03	2003–04	2004–05
ACT	2	1	3	2
NSW	1	3	2	0
VIC	2	3	2	3
TAS	0	2	1	1
SA	0	0	4	2
WA	1	1	2	0
NT	0	2	1	0
QLD	0	2	1	0
Total number of venues	6	14	16	8

Source: Art Indemnity Australia managing organisations

Figure 2.6 Art Indemnity Australia—number of visitors to indemnified exhibitions

2002–03	2003–04	2004–05
591 000	647 000	397 994

Source: Art Indemnity Australia managing organisations

Indigenous languages and cultures programs

Impact and range of activities funded to recognise, protect, and promote use of Indigenous languages and participation in traditional and contemporary Indigenous cultures

On 1 July 2004, the Department assumed responsibility for the Maintenance of Indigenous Languages and Records

program and the Regional Arts and Culture Support program. The programs are funded annually by the Australian Government and operate Australia-wide. During 2004–05, payments were made by the Department of Immigration and Multicultural and Indigenous Affairs until 6 January 2005, at which point remaining funds were transferred to the Department.

In delivering these programs, the Department works cooperatively with the Office of Indigenous Policy Coordination and other agencies, as a part of a whole-of-government approach to Indigenous affairs. The programs had previously been

administered by the Aboriginal and Torres Strait Islander Services agency.

The Maintenance of Indigenous Languages and Records program operates to support the revival and maintenance of Indigenous languages as living systems of knowledge shared by communities and passed down from generation to generation. In 2004–05, 44 organisations were funded to undertake 86 activities at a total cost of $8.32 million, of which $3.96 million was paid by the Department of Immigration and Multicultural and Indigenous Affairs prior to the transfer of funding. This included a network of 21 language centres, 28 additional projects and one peak body, the Federation of Aboriginal and Torres Strait Islander Languages.

The Maintenance of Indigenous Languages and Records program includes funding for endangered languages, that is, languages with fewer than 20 speakers. Under this program, Wangka Maya Pilbara Aboriginal Language Centre received $143 550 to preserve the linguistic heritage of the Yinhawangka, Nyamal and Ngarla languages. This was achieved through the recording of traditional stories and songs as well as the production of wordlists, grammars and databases.

The Regional Arts and Culture Support program operates to support the maintenance of cultural practice within Indigenous communities and the promotion of Indigenous cultures as dynamic and integral elements of Australian culture and identity. In 2004–05, funding under this program provided a total of $6.63 million to 185 organisations to undertake arts and cultural activities. Activities included cultural awareness and revival programs, ceremonial and traditional practices, and community cultural activities such as festivals and performances.

In 2004–05, Regional Arts and Culture Support provided $16 500 to Indigenous Festivals Australia Ltd to support its annual Croc Fest. Croc Fest is a three-day performing arts festival, in which a significant number of Indigenous students from regional and remote areas participate. It is designed to develop confidence, social skills and self-esteem as well as promoting cultural awareness.

Indigenous arts and crafts industry

Range of activities funded to recognise, protect and promote Indigenous arts and crafts

In 2004–05, the $4.28 million National Arts and Crafts Industry Support Strategy continued to contribute to the growth of Australia's internationally renowned Indigenous visual arts industry by providing funding to 54 organisations to undertake 56 activities, including the operation of Indigenous art centres

around Australia. The success of the program is reflected in the continued growth of the industry, the vigour and innovation being demonstrated by the sector and its artists, and the sustained demand for development and seed funding.

Many Indigenous art centres are in very remote localities where both jobs and other independent means of generating income are scarce. By supporting the operations of art centres, hundreds of established and developing Indigenous visual artists and craft workers are able to produce art works, develop their skills and have their work promoted, marketed and sold.

Importantly, through their work Indigenous artists are also able to tell the stories of their cultures, supporting the maintenance of cultural strength within communities and enhancing national and international audiences' understanding of the richness of Indigenous cultures.

To give additional impetus to the industry, the Government has committed $4 million over four years to upgrade art centre facilities, train art centre workers and market Indigenous visual arts and crafts. In 2004–05, $1 million was allocated for seven facilities in the Northern Territory, Western Australia, South Australia and New South Wales, improving the capacity of these communities to produce and market their work.

Senator Rod Kemp, r, pictured at the launch of Artbank's Melbourne showroom with his wife Daniele Kemp, c, and Di Carlton, l

Case study

Green Turtle Foundation—touring to remote areas of Australia

The Green Turtle Foundation is one of many regional organisations that have benefited from the Visions of Australia touring exhibitions grants program.

The foundation has been awarded two grants, totalling $60 499, to develop and tour *Green Turtle Dreaming*, an exhibition that will visit major regional centres such as Geelong and Cairns, and some of the more remote venues in Australia, including Darnley, Thursday and Melville Islands.

Green Turtle Dreaming documents the complex traditional relationships and mythology of the turtle in the Indigenous communities of Australia and the neighbouring islands of the Indonesian archipelago.

Images and sounds drawn from contemporary life explore the ancient roots and belief systems of the diverse communities on Melville Island in the Tiwi Island group, Darnley Island in the Torres Strait, Christmas Island, and islands in Indonesia.

The exhibition content moves beyond the general scientific understanding of this endangered species to explore early creation beliefs and the enduring traditional practices of the people who encounter turtles as they travel their 3000 kilometre journey from birth to adulthood.

Projected images retell 10 great turtle myths exploring themes of rescue, greed, fertility, love and betrayal. These images are accompanied by recordings of stories, songs and music in the languages of the people represented.

More information about the Visions of Australia program may be found at *www.dcita.gov.au/visions*

SECTION 2
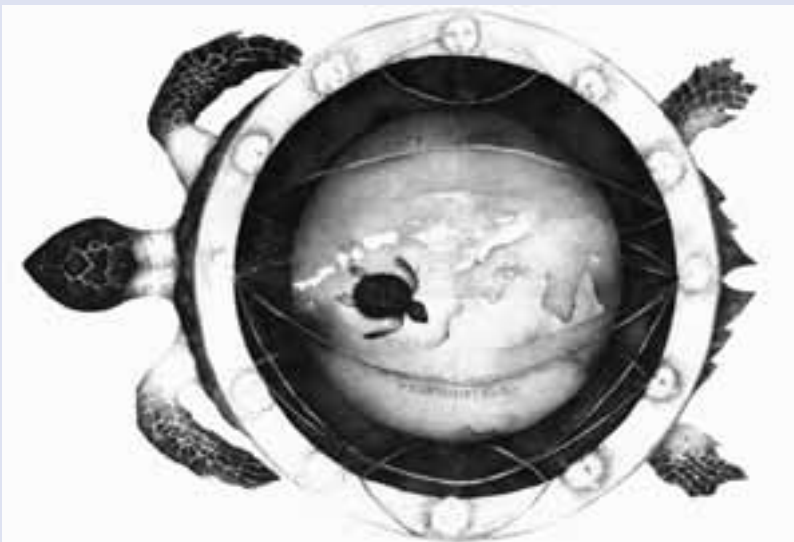
A work featured in the Green Turtle Dreaming *exhibition,* Migration Map 2004 *by Susan Barlow, watercolour on paper*

Outputs

Output 1.1

Policy advice, program management and agency support which promotes excellence in, preservation and maintenance of, and access to Australia's cultural activities, cultural collections and Indigenous languages

High-quality program funding and grant administration of Indigenous programs

The Aboriginal and Torres Strait Islander Services agency was responsible for processing applications for the 2004–05 funding round for the the Maintenance of Indigenous Languages and Records program, the National Arts and Crafts Industry Support Strategy program and the Regional Arts and Culture Support program.

Applications were sought and processed before the start of the 2004–05 financial year. Responsibility for managing these programs was transferred to the Department on 1 July 2004 and the remaining funds were transferred from the Department of Immigration and Multicultural and Indigenous Affairs on 6 January 2005. As a transitional measure, payments under 2004–05

The Contemporary Music Touring Program committee considering applications under round 10 of the program: front row l to r committee members Andy Farrant, John Morrison, Con Frantzeskos, Daryl Somers (Chair), (not pictured: Penne Dennison) back row l to r departmental staffers Nicole Henry, David Andre, Tanya Grady, Dorothy Topfer

funding agreements were made by the Department of Immigration and Multicultural and Indigenous Affairs prior to 6 January 2005.

Touring programs

Between 1994–95 and 2004–05, more than 4500 funding applications were processed for the national touring programs, Playing Australia, Visions of Australia, Festivals Australia and Contemporary Music Touring. In 2004–05 there was a slight decrease in the number of applications received by Visions of Australia, reflecting a change in the timing of grant rounds.

Across the four programs a total of 385 grants were administered during the year.

As shown in figure 2.7, the majority of grants were fully acquitted within six

months of the due date and compliance with the provisions of the grant deeds was consistently high.

Film programs

The Government provides indirect support to filmmakers through a number of tax incentives programs administered by the Department.

In 2004–05, the Department received 351 provisional applications under Division 10BA of the *Income Tax Assessment Act 1936.* Ninety per cent of applications were processed within three weeks of receipt. The Department also received 58 applications under Division 10B of the Act. Of those applications, 100 per cent had been processed by 30 June 2005.

There were fewer applications for the refundable film tax offset in 2004–05 than anticipated. Five applications

Figure 2.7 Touring programs grants acquitted

Program	Total number due	2002–03 % of grants acquitted within:		Total number due	2003–04 % of grants acquitted within:		Total number due	2004–05 % of grants acquitted within:	
		3 mths	6 mths		3 mths	6 mths		3 mths+	6 mths*
Playing Australia	29	41	93	51	41	86	30	63	
Visions of Australia	27	56	89	29	38	69	30	70	
Festivals Australia	55	65	90	54	55	88	67	61	
Contemporary Music Touring	—	—	—	28	50	71	25	60	

+Based on acquittals due in the first nine months of the financial year, the figures for the final three months of 2004–05 will not be available until October 2005.

*Figures on 2004–05 acquittals within six months will not be available until early 2006.

were certified as opposed to the eight expected, mainly due to the variability of production timing.

A production must be in a state ready for public exhibition before it can apply for the offset. However, the date between the end of filming and the first public release of a film can vary enormously, depending on the complexity of post-production requirements. For this reason, the Department expects that applications for some productions filmed before the end of 2004–05 will be submitted in 2005–06 or possibly later.

The guidelines for the offset state that applications will be processed within 10 weeks of receipt. All applications, except one where further information was required, were processed within the agreed timeframe.

In the 2004–05 Budget, the Government announced that the offset would be extended to television series. The Department consulted industry on the details of the extended scheme which

were announced by the Minister for the Arts and Sport and the Assistant Treasurer on 13 April 2005. Legislation is expected to be considered by parliament early in 2005–06.

Regional Arts Fund

The objectives of the Regional Arts Fund are to support sustainable cultural development in regional, remote and very remote communities across Australia, to develop partnerships and cultural networks, and to increase access to skills development and employment opportunities for regional artists.

Regional arts organisations in each state, and arts ministries in the Northern Territory and the Australian Capital Territory, manage the fund on behalf of the Department and make decisions about specific funding. Funding provided in each state is set out in figure 2.9. Regional arts organisations and arts ministries are required to provide regular acquittal reports to the Department.

Figure 2.8 Divisions 10B and 10BA tax concessions and refundable film tax offset applications processed*

	2000–01	2001–02	2002–03	2003–04	2004–05
10BA provisional applications	284	254	204	214	351
10BA final applications	74	87	107	95	69
10B applications	49	46	60	63	58
Offset provisional applications	n/a	0	1	2	1
Offset final applications	n/a	0	1	5	5

*A processed application is one that has been received, processed and certified, rejected, withdrawn or lapsed.

Figure 2.9 2004–05 Regional Arts Fund allocations

State/territory	Amount $
Regional Arts NSW	577 774
Regional Arts Victoria	577 774
Country Arts WA	577 774
Queensland Arts Council	577 774
Country Arts South Australia	479 933
Tasmanian Regional Arts	258 848
Arts NT	317 553
artsACT	65 570*
Regional Arts Australia	197 000**
Australia Council for the Arts	100 000
Creative Volunteering	170 000
Total	3 900 000

*The artsACT allocation has yet to be expended.

** $75 000 is for the development and implementation of nationally-consistent, regional online grants management databases.

Regional Arts Fund grant allocations expenditure is for arts projects in regional and remote communities, strategic projects which apply to a region, small grants (for example, for an individual's travel costs to attend a conference) and program administration. Examples of the projects funded are set out below.

- Katherine and Barkly Regional Arts organisation received support over two years to develop cultural projects and arts skills in partnership with local governments in the very remote Gulf region north and south of Borroloola in the Northern Territory.

- The World Food Whyalla Festival and Multicultural Community Cookbook project developed an arts-based cookbook. The project engaged people from various nationalities in Whyalla through the compilation, promotion and use of the cookbook. The launch of the cookbook coincided with the Fishy Fringe Festival.

- The Taiko Drumming project involved skilling Burnie artists in the art of Taiko drum-making over five weekend workshops as part of a large community drumming project.

SECTION 2

Staff of the Film Incentives and International Section of the Department, l to r Matasha McConchie, Tim Lear, Stephen Wray and Sanjay Sircar

- The Regional Engagement Project focused on developing partnerships and increasing arts and cultural activity by young playwrights on a regional, national and international level at the biennial World Interplay Festival in Townsville in July 2005.

During 2004–05, the Department negotiated new funding agreements with the regional arts organisations for the next four years. The agreements include detailed obligations in respect of milestones and timeframes to be met by the organisations.

Federation Fund

Of the $1 billion Federation Fund established by the Government to help celebrate the Centenary of Federation in 2001, $434 million was allocated to the Department to manage a range of large and small infrastructure and community projects.

Only one Federation Fund project is substantially incomplete—$9 million was allocated for the relocation of the shooting range at Malabar, New South Wales. Progress has been curtailed because of difficulties in identifying a site that will accommodate all sport shooting disciplines. The Department has continued to undertake consultations with the NSW State Government and relevant shooting associations to investigate options, but an effective solution has not yet been identified.

Art Indemnity Australia

The Department manages the Arts Indemnity Australia program, which aims to provide Australians with wide access to exhibitions of significant Australian and international cultural material. The program is demand driven, with Arts Indemnity Australia managing organisations responsible for developing proposals for exhibitions which meet the program's objectives.

Figure 2.10 Art Indemnity Australia—final applications processed

	2002–2003	2003–2004	2004–2005
No. of final applications for indemnity received and processed	2	4	1
% of successful final applications	100	100	100

Fewer final applications were received in 2004–05 than in the two previous financial years. This reflects variations in the program of exhibitions indemnified by Arts Indemnity Australia from year to year, the timing of final applications for indemnity and the fact that exhibitions may run over more than one financial year. The Department is monitoring the potential impact on the number of applications for indemnity of external factors such as increased security requirements, stricter conditions imposed by lenders of artworks, and increases in the valuations of cultural material.

Philanthropy programs

The Department administers several philanthropy programs which facilitate private sector support for the arts.

The Register of Cultural Organisations allows qualifying cultural bodies to offer donors the incentive of a tax deduction for gifts of cash. Figure 2.11 shows the number and value of donations over five years.

The Cultural Gifts Program encourages gifts of significant cultural items to public art galleries, museums, libraries and archives by offering a tax deduction to donors for the market value of their gifts.

The number and total of donations under the Cultural Gifts Program in 2004–05 was significantly higher than in the last financial year (figure 2.12). As the program operates under the gift provisions of the

Income Tax Assessment Act 1997 and is largely donor driven, it is difficult to identify clearly the factors which may have contributed to the increase.

Culture and Recreation Portal

The Department administers the Culture and Recreation Portal which helps to provide access to Australia's cultural activities for a broad range of Australians. The portal provides online access to, and information about, a diverse range of cultural activities across Australia. Visits to the portal exceeded 3.6 million during 2004–05, a 45 per cent increase on 2003–04. As shown in figure 2.13, at 30 June 2005, the portal listed more than 3500 websites, representing an increase of 17 per cent on last year with the total number of pages available increasing by 28 per cent. These results were facilitated

SECTION 2

Figure 2.11 Register of Cultural Organisations—number and value of donations

	2000–01	2001–02	2002–03	2003–04	2004–05*
Number of donors	91 205	57 890	53 844	60 621	52 775
Total donation value ($m)	24.9	26.6	27.1	37.0	27.0
Average donation value ($)	273	461	504	611	512

* The value of donations processed for the 2004–05 financial year may increase as further statistical returns are received from the Register of Cultural Organisations.

Figure 2.12 Cultural Gifts Program—number and value of donations processed*

	2000–01	2001–02	2002–03	2003–04	2004–05
Number of donations processed	502	568	498	264	652*
Total value ($m)	18.2	34.5	44	24.8	47.3
Average donation value ($)	36 255	60 739	88 353	93 939	72 546

* Donations entered onto the Department's database and assessed by the committee

by technical improvements to the portal's search capacity and operability, including improving its profile on major search engines.

Figure 2.13 Culture and Recreation Portal performance indicators

	30 June 2004	30 June 2005	Change (%)
Visits per annum	2 513 946	3 508 411	+ 40
Websites listed	3010	3521	+ 17
Pages available	1 446 059	1 847 880	+ 28

Source: Culture and Recreation Portal

Applications processed within agreed timeframes

Programs administered by the Department under output 1.1 met agreed timeframes as highlighted by the following.

Under the Foreign Actors Certification Scheme, certificates are issued to confirm that relevant Australian content criteria have been met in relation to film or television productions, wholly or partially produced in Australia, for which producers wish to engage foreign performers. In 2004–05, 62 applications were processed compared with 42 in 2003–04. One hundred per cent of applications were processed within the agreed timeframes compared with 98 per cent in 2003–04.

In 2004–05, Visions of Australia, Playing Australia, Festivals Australia and the Contemporary Music Program achieved 100 per cent compliance with the Department's client service charter requirement that grant payments are made within four weeks of the acceptance of reports, and/or in accordance with relevant schedules or commitments.

All Register of Cultural Organisations applications were assessed against eligibility criteria in accordance with agreed timeframes and eligible applications were submitted to the Minister for the Arts and Sport and the Minister for Revenue and Assistant Treasurer for their consideration every three to four months, in line with program requirements.

All Cultural Gift Program applications were processed in line with program requirements and agreed timeframes to ensure that they were submitted to the next Taxation Incentives for the Arts Committee meeting.

Effective management of Regional Art Fund grants to regional arts organisations resulted in all payments and required reports meeting funding agreement timelines, allowing the organisations to provide 182 grants for cultural activity in regional areas.

High-quality and timely policy advice and ministerial services

The Department provides policy advice to the Government on a wide range of cultural issues. It aims to respond to all ministerial requests for advice, including briefings and question time briefs, in a timely manner. Difficulties with meeting tight deadlines have occasionally been encountered, mostly where it was necessary to seek advice or information from elsewhere, for example legal advice or information from a portfolio agency. In such instances, the Department negotiated revised timeframes with the relevant minister's office. The office of the Minister for the Arts and Sport has indicated satisfaction with the timeliness and quality of advice provided.

In terms of ministerial correspondence and meeting briefs, the Department's compliance rate improved slightly in 2004–05.

Despite close monitoring, only one out of eight responses to parliamentary questions on notice were provided within the agreed timeframe. While delays can be attributed to the complexity of responses required and the need to consult portfolio agencies, this result is disappointing. Portfolio agencies and departmental staff have been reminded of the need for quick turnaround and from now on responses will be personally monitored by the Arts and Sport senior executive.

The Department undertook significant policy development work in a number of areas during the year, working with portfolio agencies, other departments and state and territory agencies to achieve positive outcomes for the cultural sector.

SECTION 2

The Regional Policy and Programs Section team discussing applications for Playing Australia funding: l to r Tanya Grady, David Andre, Sarah Michell, Dorothy Topfer (Manager)

The report of the Orchestras Review 2005, a major review of the orchestral sector in Australia, made recommendations for additional funding and structural change to the orchestral sector. The Australian Government accepted the majority of the review's recommendations and, in the 2005–06 Budget, announced increased funding of up to $25.4 million over four years to Australia's major symphony, opera and ballet orchestras.

The Department continued to work with other Australian Government agencies to implement the report of the Contemporary Visual Arts and Crafts Inquiry. During 2004–05, key policy outcomes achieved included:

- the passage of legislation to extend the term of copyright by 20 years for copyright material including artistic works;

- the passage of legislation to bring the duration of copyright in photographs in line with that of other creators of original artistic material;

- the release of a public tax ruling on what it means to carry on an arts business; and

- the announcement of new arrangements allowing a tax deduction for contributions to a deductible gift recipient of $250 or more to attend a fundraising event where an associated minor benefit is received.

The Department is also continuing to contribute to the review of the operation of the *Copyright Amendment (Digital Agenda) Act 2000* and the introduction of legislation to strengthen the protection of Indigenous arts and cultural expressions through the creation of Indigenous communal moral rights.

The Department also provided policy advice to the Government in relation to

Figure 2.14 Advice provided within agreed timeframes

Type of advice	2003–04		2004–05		
	Total	% on time	Total	% on time	% change
Ministerial correspondence	917	71	473	73	+2
Briefings initiated by the Department	566	not applicable	482	not applicable	not applicable
Meeting briefs	474	84	313	88	+4
Question Time briefs	275	68	158	64	-4
Parliamentary questions on notice	2	50	8	12.5	-37.5

Note: Performance information for outputs 1.1 and 1.2 has been consolidated.

securing the return of the bark *Endeavour* to Australia and its long-term preservation and operation at the Australian National Maritime Museum. The Department negotiated the transfer of ownership of the vessel to the Commonwealth. (See case study on page 54)

The Department and its portfolio national collecting institutions have continued to progress outcomes from the 2003–04 Review of Cultural Agencies. Key outcomes over 2004–05 are set out below.

- Funding of $10.6 million over four years from 2004–05 was announced in the 2005–06 Budget for the National Library of Australia to meet critical collection storage requirements. Related work continued on developing a comprehensive collection storage plan.

- Mechanisms were established for the two corporate management forums to investigate joint procurement savings.

- A national digital collections strategy has been developed to assist the national collecting agencies to address issues relating to increasing digital access to collections and the use of digital technology to preserve collections to maintain their position as world leaders in the provision of digital material.

The Department has also continued to work closely with the Department of Finance and Administration and portfolio collecting institutions in 2004–05 to ensure a consistent approach to collection depreciation. While some progress has been achieved, complex issues surrounding the accounting treatment of long-lived assets have yet to be resolved.

SECTION 2

Case study

The bark *Endeavour* brings history home

The bark *Endeavour* is an authentic, Australian-built replica of the original vessel, a former collier sailed by Captain James Cook when he charted the east coast of Australia in the late 18th century.

In recent years the *Endeavour* has been based in Whitby, England. With Australian Government support, the bark was returned home, as was originally envisaged, to form part of the National Maritime Heritage Collection, and berthed at its home port of Sydney.

The Department negotiated the transfer of title of the *Endeavour* to the Commonwealth, and the vessel has now been gifted to the Australian National Maritime Museum, where it has joined the national maritime collection.

The *Endeavour* is kept at the Maritime Museum in Darling Harbour, where it is accessible to all visitors.

The vessel is displayed as if Cook and his crew had disembarked at some time on their epic world circumnavigation of 1768 to 1771. Visitors can get an idea of what sailing was like in the 18th century, and an appreciation of what important historic figures like Cook achieved.

The *Endeavour* is already proving immensely popular: about 14 500 visitors set foot on it in its first two months at the museum, including more than 1500 children in teacher-guided school groups.

The Maritime Museum will also sail the vessel regularly on Sydney Harbour, so that visitors will be able to experience the glory of the *Endeavour* under sail.

From 2005–06 the Government will provide ongoing additional funding of about $750 000 a year to the Maritime Museum to operate and preserve the *Endeavour*.

The bark Endeavour

Support for the contemporary visual arts and crafts sector by Artbank

Artbank operates an art rental scheme aimed at encouraging and supporting contemporary Australian artists by acquiring their work and stimulating a wider appreciation of Australian art by making it available for display in public places.

In 2004–05, Artbank invested $635 000 in the primary art market through the purchase of works. More than 6000 works were on display with clients.

In response to the Government's recognition of the need to expand Artbank's audience across Australia, Artbank opened a Melbourne showroom in February 2005. The additional location is expected to assist Artbank in increasing awareness of, and access to, the contemporary art rental collection. Although a small number of additional Melbourne clients were recruited by the end of 2004–05, it is too early to make a meaningful assessment of the success of the office and the situation continues to be monitored closely.

Effective client satisfaction and consultation

The Department undertook a client satisfaction survey of 467 clients liaising with the Department on arts and cultural matters across a range of policy and program activities. Responses showed that 97 per cent were satisfied with the services provided by the Department. This result is consistent with responses in 2003–04. In 2004–05, 72 per cent of respondents rated their dealings with the Department as good or excellent, down two per cent from the previous year.

Respondents were asked to comment on the extent to which the Department was achieving its objectives across its main areas of responsibility. In achieving access and excellence in Australia's cultural activities, 92 per cent of respondents were satisfied with the Department's effectiveness. In assisting the development and preservation of cultural collections, 92 per cent of respondents were satisfied with the Department's effectiveness.

The Department consulted with a range of clients and stakeholders during the year on a range of policy initiatives and programs. Examples of consultations are outlined below.

The Orchestras Review 2005 panel consulted with orchestra boards, management and employees, and arts ministry officials in all states and territories, while developing *A new era: report of the orchestras review 2005*. Submissions were also received from music companies and organisations, universities and individuals. A wide range of views,

SECTION 2

ideas and strategies for the future were received. The issues raised were considered by the review, contributed to an informed and productive debate and assisted in formulating the panel's recommendations.

The Playing Australia committee found opportunities to increase understanding and awareness of the program and to gather feedback from the performing arts sector. Committee members participated in a Playing Australia forum held in conjunction with the Australian Performing Arts Centres Association conference in Brisbane in September 2004 and the committee met with program clients during its policy meeting in Hobart in November 2004.

Departmental officers attended Regional Arts Australia's national conference, 'Meeting Place', in Horsham, Victoria in October 2004 and took the opportunity to consult with clients of the regional cultural programs, discuss policy needs and engage in sessions such as encouraging partnerships in the funding of cultural activity.

Issues raised by stakeholders continued to be taken up as part of improving management of the programs.

The Department now has a network of about 80 regional staff, most of whom are located in whole-of-government Indigenous coordination centres, primarily in regional Australia. National office staff are working in collaboration with regional staff to deliver programs to Indigenous communities. Both national and Regional Network staff consult closely with Indigenous communities and work to ensure that community issues and queries relating to program delivery are dealt with in a timely and professional manner. Consultation is undertaken through field visits, phone, fax and email. Regular field visits are undertaken where a project is appraised as high-risk, and additional field visits are conducted to assist in the development of shared responsibility agreements.

In 2004–05, the Department undertook consultations with the film production industry on the proposed extension of the refundable film tax offset to television series. The Department published a discussion paper outlining the draft principles in relation to the application of the offset to television series.

Comments from the industry on these principles informed the development of policy details which were announced by the Government in April 2005. Issues relating to the operation and effectiveness of the offset were also discussed in targeted meetings throughout the year. Ongoing consultation with industry has contributed to the smooth operation of the offset and its success in attracting large-budget productions to Australia.

Compliance with accountability standards

The Department continued to provide formal and informal advice throughout the year to portfolio agencies on matters pertaining to compliance with better practice, corporate governance arrangements and meeting accountability obligations.

The document *General guidance for directors of statutory authorities* was distributed to all relevant agencies within the portfolio in early 2004–05, following a significant update which takes account of developments in corporate governance better practice. The resource has been welcomed by directors of portfolio statutory authorities as complementing agency-specific information.

In August 2004, the Government released its response to the *Report of the review of the corporate governance of statutory authorities and office holders*, conducted by Mr John Uhrig (the Uhrig report). In its response, the Government announced that ministers would be required to assess their portfolio bodies against the governance templates set out in the Uhrig report before 31 March 2006. The Department has commenced the assessments of relevant agencies in the Communications, Information Technology and the Arts portfolio, and will continue this work, in consultation with the agencies, next financial year.

Six assessments of portfolio agencies against the Uhrig templates were completed during the 2004–05 financial year and within agreed timeframes.

During the year the Department participated in internal audits on the management of security at Old Parliament House and on possible conflicts of interest within the Department. The majority of the recommendations of the Old Parliament House security audit have been implemented. The remainder of the recommendations and those from the conflict-of-interest audit are being considered for implementation in 2005–06.

The Department also provided input to the Australian National Audit Office's Audit Report No. 59 2004–05, *Safe and accessible national collections*.

Research and analysis activities contribute to policy development

Research activities undertaken during 2004–05 have provided important input into supporting policy development.

In July 2004, in response to a recommendation in the *Report of the contemporary visual arts and crafts inquiry*, the Department released a discussion paper on resale royalty. The paper was the result of extensive research into recent international developments

SECTION 2

and analysis of the likely impact of a resale royalty scheme on Australian artists and the market for contemporary art.

The submissions received were assessed to gauge the relative costs and benefits, and the degree of sector and public support for introducing a resale royalty agreement. While the issue is now the responsibility of the Attorney-General, the Department continues to work closely with the Attorney-General's Department in examining this issue and preparing advice for the Government.

The Department commissioned a study in 2004–05 to determine how competitive Australia is in attracting large-budget overseas film productions. The research will inform the evaluation of the refundable film tax offset scheme (required before 4 September 2006) by providing information on the success of the offset as an incentive.

Following the ministerial appointment of a Strategic Industry Leaders Group in June 2004, research and consultations were undertaken on the Digital Content Industry Action Agenda. To identify industry development priorities, working groups established by the Strategic Industry Leaders Group examined issues in skills and training, investment, exports, research and development, statistics and standards. The process was informed by two consultancies, covering a scoping report on the digital content industry and its future potential, and an analysis of current skills and training arrangements for the digital content industry.

The Digital Content Industry Action Agenda report is expected to be finalised in late 2005 and will include an industry development plan for the Government's consideration.

Highly effective budget management

As identified in the resources for outcome table at page 24 the overall price of output 1.1 was on budget.

The variation in administered expenses is mainly due to lower than expected insurance coverage costs for exhibitions under the Art Indemnity Australia program. In addition, funds for the bark *Endeavour* completion adjustment payment were requested to be rephased to 2005–06 reflecting the timeframe set by the Endeavour Foundation for the winding-up of the companies.

Regular evaluation of the budget outcome is conducted by managers and commentary on variations between budget and expenditure is provided to, and discussed by, the Executive Management Group once a month. The comments also include forecasts of budget trends where possible.

Output 1.2

Preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections

Collections appropriately developed and managed

The Old Parliament House collection consists primarily of items from the building's original furniture and fittings. The collection's value at 30 June 2005 was estimated at $2.750 million.

Old Parliament House continued to develop its political and parliament-related collection. There were some notable acquisitions in 2004–05, including:

- a significant WWII recruitment poster for the Australian Infantry Force, featuring WWI Prime Minister, Billy Hughes;

- the Speaker's desk and bookcase, on long-term loan from the Department of the House of Representatives;

- a detailed model of the Old Parliament House building and the gardens in 1988; and

- museum figures of wartime Prime Minister John Curtin, and journalists Alan Reid and Gay Davidson.

The Old Parliament House oral history collection also continued to develop. Thirty interviews were conducted in 2004–05, three more than were conducted in 2003–04. Notable interviews included Mr Alan Cumming Thom, former Clerk of the Senate, and Sir David Smith, former official Secretary to the Governor-General, Sir John Kerr.

Significant additions to the National Portrait Gallery collection in 2004–05 included:

- portraits of businessmen Sir Arvi Parbo by Sir William Dargie, Sir James Forrest by William Boissevain, and Sir Lindesay Clark by Clifton Pugh (the latter a gift of Alcoa World Alumina Australia);

- a portrait of scientist Dame Jean Macnamara c. 1932 by Donovan, a gift of Merran Samuel;

- the poet Peter Porter, pictured in 2004, by Tony Clark (purchase);

- a portrait of war veteran and resistance leader Nancy Wake by Melissa Beowulf (2001), purchased with funds provided by L Gordon Darling AM CMG;

- a portfolio of 101 photographs of Australian artists by Greg Weight, a gift of Patrick Corrigan AM;

SECTION 2

- 18 photographs by John Elliott including country singers Troy Cassar-Daley, Kasey Chambers and Smoky Dawson, a gift of the artist; and

- 12 photographs from the exhibition *Proof: Portraits from the Movement 1979–2003* by Juno Gemes, including Jimmy Little, Roberta Sykes and Shirley 'Mum Shirl' Smith AO OBE, a gift of the artist.

The National Portrait Gallery also lent three works of art from the gallery's permanent collection during 2004–05:

• a self-portrait of Grace Cossington Smith is on loan to the National Gallery of Australia for its retrospective of the artist's work;

• Garry Shead's *Portrait of Martin Sharp* is on loan to Artspace Mackay for inclusion in their travelling exhibition, *Fireworks*; and

• a sculpture of Peter Brock by Julie Edgar is on loan to the National Capital Authority for its display at Regatta Point in the ACT.

Singer Kylie Minogue's hotpants featured in the exhibition Kylie: The Collection *at the National Portrait Gallery from May to August 2005*

As outlined in figure 2.15, the cumulative number of items in the National Portrait Gallery collection was 964 at 30 June 2005, with an assessed value of $12.89 million.

As of 30 June 2005, the Department's asset register listed 211 gifts valued at $461 366 from 34 donors in 2004–05, compared with 87 gifts valued at $769 900 received from 20 donors in 2003–04. Assets are managed in accordance with the Chief Executive's

Figure 2.15 National Portrait Gallery—collection, number of items, and value at 30 June

	2000–01	2001–02	2002–03	2003–04	2004–05
Number of items *	144 (47 gifts, 97 purchases & commissions)	370 (193 gifts, 177 purchases & commissions)	485 (291 gifts, 194 purchases & commissions)	710 (446 gifts, 264 purchases & commissions)	964 (657 gifts, 307 purchases & commissions)
Assessed value* ($m)	6.762	9.48	10.39	12.01	12.89

* This is a cumulative total.

Instructions, including registration of assets on purchase or gift and an annual stocktake.

The increasing number of gifts, together with requests by other institutions for loans of items from the gallery's collection is evidence of the gallery's growing reputation as a significant cultural institution.

Heritage buildings appropriately preserved and maintained

A range of refurbishment projects was undertaken at Old Parliament House to extend the life of the building, and conservation works took place to preserve the original fabric of the building. All these activities were carried out in accordance with the relevant legislation, works codes, standards and policies. In addition to works of a minor nature related to the day-to-day maintenance and improvement of the building, the current current five-year capital works plan of major refurbishment and restoration projects continued. Major refurbishments that were commenced or completed included:

- commencement of the second stage of the roof replacement;

- upgrade and replacement of services for the refurbishment of the press galleries;

- completion of stage 1 of the education centre;

- completion of a disabled access ramp at the rear of the building; and

- upgrade of fire protection services throughout the building, including installation of underfloor sprinklers.

Conservation works ensure the ongoing preservation and integrity of the Old Parliament House building, while also facilitating public display and access. Major conservation initiatives undertaken during the year included:

- conservation of the parquetry flooring in King's Hall, the front entrance and main stairs;

- conservation work in the upper floor of the south-west wing; and

- implementation of stage 2 of a program monitoring human impact management.

SECTION 2

Figure 2.16 Building conservation and refurbishment—expenditure

	2001–02	2002–03	2003–04	2004–05
Total expenditure on relevant capital works (m)	$1.605m	$2.991m	$4.428m	$3.629m
Total expenditure on relevant conservation works, including collection conservation	$43 765	$163 400	$135 475	$140 358

High visitor and audience satisfaction and engagement

Visitor numbers for the main Old Parliament House site and the National Portrait Gallery's Commonwealth Place annex have increased significantly compared to the previous year's figures. The increase in visits to both venues can be attributed to a number of very successful initiatives including the Old Parliament House open day and 78th birthday celebrations, which brought well over 6500 people to the House, and the National Portrait Gallery's *Kylie* exhibition at the Commonwealth Place annex, which attracted a record number of more than 10 000 visitors in June 2005.

Total combined visitors for the main Old Parliament House site and Commonwealth Place (excluding café, function and restaurant visitors) were 222 495, compared with 180 704 in 2003–04 (see figure 2.17 below). The visitor numbers are pleasing, particularly as Canberra experienced a decline in tourism in the period March 2004 to March 2005 (the most recent figures available).

Exit surveys conducted with visitors to both venues during the year showed that 98 per cent of visitors rate their overall experience as good or very good.

Funding for a dedicated building for the National Portrait Gallery was provided by the Government in the 2005–06 Budget. The new gallery building will meet the growing needs of Australia's national portrait collection and help ensure that the collection is appropriately managed and developed.

While delivery of the building project is the responsibility of the Department of Finance and Administration, the Department is closely involved in developing the building design and is responsible for planning the gallery's move to the new building, including in particular the development of high-quality displays. At the same time, the gallery must continue to develop and provide access to its collection, including maintaining exhibitions at Old Parliament House and Commonwealth Place. A future challenge will be to develop interesting and attractive public uses of the space at Old Parliament House that will be vacated by the National Portrait Gallery.

Figure 2.17 Visitors to Old Parliament House and the National Portrait Gallery

	2001–02	2002–03	2003–04	2004–05
Main site	171 582	161 213	147 140	178 643
National Portrait Gallery		28 444	33 564	43 852
Commonwealth Place		(Nov–June)		
Total visitors	171 582	189 657	180 704	222 495

Functions and hospitality activities have become a key growth area for Old Parliament House. The number of people visiting the site for these purposes increased significantly, demonstrating the solid contribution that these operations have made in attracting visitors to Old Parliament House (see figure 2.18 below).

Overall, combined visitation to Old Parliament House and the National Portrait Gallery, including functions, café and restaurant patrons, totalled 396 661 in 2004–05, compared with 302 668 in 2003–04.

Growing visitor/ audience reach, in Canberra and nationally

Old Parliament House and the National Portrait Gallery continued to develop quality exhibitions, family-friendly activities, interpretive projects and enhancements of services to increase and broaden audience reach and enrich the visitor experience.

Visitors to Old Parliament House from all geographic areas within Australia and from overseas remained consistent with 2003–04 figures, the exception being Victoria which showed a five per cent increase in visitors. Old Parliament House continues its strong performance in attracting people aged 25 years and over.

Exhibitions

Temporary exhibitions play a major role in generating new audiences and encouraging return visits to Old Parliament House and the National Portrait Gallery. They are also a key tool for engaging the community with aspects of Australia's political and parliamentary history. Old Parliament House presented four in-house exhibitions in 2004–05, compared with eight exhibitions in 2003–04:

- The *People's Procession* in partnership with the Noel Butlin Archive Centre at the Australian National University (closed 18 July 2004 after a six-month run);

- *The Petrov Affair* (12 August 2004 to 2 April 2005);

Figure 2.18 Functions, café and restaurant patrons

	2001–02	2002–03	2003–04	2004–05
Café patrons	62 319	60 960	85 168	129 208
Function patrons	36 807	30 837	34 590	36 167
Ginger Room patrons			2206 (March–June)	8791
Total patrons	99 126	91 797	121 964	174 166

- *Eureka Revisited: the Contest of Memories* (22 April to 17 July 2005); and

- *Through Australian Eyes,* developed by the Australian Broadcasting Corporation (4 May 2005 to 31 January 2006).

In addition, Old Parliament House launched its first travelling exhibition, *A Brush with Politics: the Life and Works of John Frith*, in March 2005. The exhibition will tour to a number of venues throughout Australia with financial support from the Australian Government's Visions of Australia program.

Exhibitions were complemented by a range of public programs including tours and lectures. Old Parliament House continued to assess and evaluate all exhibitions and programs to improve their development and meet the needs of existing and potential audiences.

Other activities included roof tours with more than 900 people participating, a heritage tour on protecting and maintaining Old Parliament House, and school holiday activity programs that attracted more than 1500 children. *A Brush with Politics: the Life and Works of John Frith*, attracted 2200 visitors at one venue.

The National Portrait Gallery presented 11 exhibitions, two more than during 2003–04. They included:

- *To Look Within: Self Portraits in Australia* (University of Queensland/ National Portrait Gallery) (9 July to 19 September 2004);

- *Depth of Field: Portrait Photography from the Collection* (30 April to 22 August 2004);

- *Headspace V: Crystal Gazing* (11 September to November 2004);

- *Olympic Medal Winner—Australia Post* (14 August to 12 September 2004);

- *Mark Strizic: a Journey in Photography* (touring from Monash Gallery of Art) (1 October to 21 November 2004);

- *Facing Robin Sellick* (27 October to 14 November 2004);

- *Thousand Mile Stare: Portrait Photography by John Elliott* (19 November 2004 to 1 May 2005);

- *Masters of Fare: Chefs, Winemakers, Providores* (10 December 2004 to 28 March 2005);

- *Peter Brew-Bevan* (6 May to 12 June 2005);

- *The World of Thea Proctor* (8 April 2004 to 31 July 2005); and

- *Kylie* (12 May 2004 to 14 August 2005).

Australians in Hollywood completed its touring program during the year, travelling to the Gold Coast City Gallery (11 September to 17 October 2004), the Arts Centre, Melbourne (1 June to 1 August 2004) and the Art Gallery of South Australia (11 November 2004 to 13 February 2005). It was seen by 71 449 people at venues outside Canberra.

The gallery's 2004–05 exhibition program expanded its audience reach by building on existing strengths. Popular exhibitions such as *Kylie* brought in audiences who had not previously attended gallery exhibitions in large numbers. In addition, *The World of Thea Proctor* and the associated publication have attracted overwhelming national interest. A joint promotion with the National Gallery of Australia, the National Library of Australia, the National Archives of Australia and the Australian Capital Tourism Corporation titled *Summer of Silver* targeted a Sydney and regional New South Wales audience over the summer months.

Gallery exhibitions were enhanced by catalogues, public programs, student workshops and Circle of Friends (gallery supporters) events. Membership of the Circle of Friends reached 832, up from 761 in the previous year.

The National Portrait Gallery continued to develop and consolidate its audience through its ongoing program of activities.

In 2004–05, it presented five lectures and seminars and two symposiums, including *Sites of Communication*, a joint venture in collaboration with the National Gallery of Australia and the Art Gallery of New South Wales.

Education

The education sector continued to be a key growth area for Old Parliament House. The number of students accessing Old Parliament House services and programs continued to grow, both in actual numbers and as a proportion of overall visitors.

Old Parliament House student visitors have increased from 40 211 in 2003–04 to 45 038 in 2004–05, an increase of 12 per cent. There were 11 386 students who experienced National Portrait Gallery education programs, a slight decrease on the 2003–04 figure of 12 536. Both Old Parliament House and the National Portrait Gallery education programs were widely promoted to the formal education sector.

Surveys continue to indicate that teachers are very satisfied with their students' experience at Old Parliament House and National Portrait Gallery. Highlights of staff-directed programs included the refinement of the heritage education component of the education program, and the delivery of presentations, workshops and demonstrations to teacher associations and education groups to promote Old Parliament House and its programs.

SECTION 2

Websites

Old Parliament House and the National Portrait Gallery have continued to develop a substantial presence through their website activities in 2004–05, as set out in figure 2.19 and 2.20.

Key content additions to the Old Parliament House website included an interactive floorplan of the House and material related to exhibitions including *Eureka Revisited, Through Australian Eyes,* and *A Brush with Politics: the Life and Works of John Frith. The Petrov Affair* generated enormous interest and triggered a dramatic rise in site visitation.

Content additions to the National Portrait Gallery website included *The World of Thea Proctor* and the *Kylie* exhibition, ensuring that every National Portrait Gallery exhibition is represented online.

Media coverage

Old Parliament House and National Portrait Gallery exhibitions and activities continued to attract substantial media coverage. Old Parliament House generated 326 newspaper stories, 31 radio stories and 29 television stories in local and national media. The gallery also continued to attract positive media coverage for its activities throughout 2004–05.

Awards

Old Parliament House and National Portrait Gallery's success in meeting the needs of a growing and diverse audience was recognised through several awards. For the fourth year running, Old Parliament House and the National Portrait Gallery won the Canberra and Capital Region Tourism Awards 'Heritage and cultural tourism' category. Old Parliament House

Figure 2.19 Old Parliament House—website statistics

	2002–03	2003–04	2004–05
Total visits	57 939	69 719	183 028
Change from previous year	Not available	+20%	+162%

Source: DeepMetrix LiveStats site tracking software

Figure 2.20 National Portrait Gallery—website statistics

	2002–03	2003–04	2004–05
Total visits	50 000 approx	62 270	179 877
Change from previous year	Not available	+25%	+165%

Source: /db/npg.mdb (online collection) dev.portrait.gov.au/webstats

also received three awards for the *Petrov Affair* exhibition catalogue, poster and invitation, and the National Portrait Gallery received six awards at the Museums Australia Design Awards 2004.

Timely advice

Performance against this measure for output 1.2 has been combined with output 1.1. Refer to page 51.

Revenue budgets are met

While exceeding revenue targets, Old Parliament House and the National Portrait Gallery actual revenue from other sources decreased in 2004–05 from 2003–04 levels (figure 2.21). This is primarily due to

the decrease in donations of artwork and cash received and is attributable to normal fluctuations in such donations.

Highly effective budget management

As identified in the resources for outcome table at page 24, the overall price of output 1.2 was on track, with a decrease in revenue from other sources.

Regular evaluation of the budget outcome is conducted by managers and commentary on variations between budget and expenditure is provided to, and discussed by, the Executive Management Group on a monthly basis. The commentary also includes forecasting of budget trends where possible.

Figure 2.21 Old Parliament House and National Portrait Gallery revenue from other sources

	2002–03 $m	2003–04 $m	2004–05 $m
Portfolio Additional Estimates statements revenue budget	2.443	2.174	1.456
Old Parliament House and National Portrait Gallery revenue actuals	4.066	2.410	1.946

Development of a stronger and internationally competitive
Australian sports sector and encouragement of greater
participation in sport by all Australians

Outcome 2

Resources for outcome

Outcome 2

Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians

	(1) Budget 2004–05* $'000	(2) Actual 2004–05 $'000	Variation (column 2 minus column 1) $'000	Budget 2005–06** $'000
Administered expenses (including third-party outputs)	47 377	21 291	-26 086	103 289
Total administered expenses	47 377	21 291	-26 086	103 289
Price of departmental outputs				
Output 2.1 Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector	7 480	7 472	-8	8 814
Revenue from Government (appropriation) for departmental outputs	6 848	6 687	-161	8 163
Revenue from other sources	632	785	153	651
Total price of outputs	7 480	7 472	-8	8 814
TOTAL FOR OUTCOME 2 (Total price of outputs and administered expenses)	54 857	28 763	-26 094	112 103
			2004–05	2005–06
Average staffing level			46	55

* Budget estimates as at 2004–05 Portfolio Supplementary Additional Estimates statement

** Budget estimates are as at 2005–06 Portfolio Budget Statements

Performance information index

	Annual report page reference	PBS page reference
Outcome 2 Development of a stronger and internationally competitive Australian sport sector and encouragement of greater participation in sport by all Australians	72	52
Administered items		
Water and alpine safety	76	58
Sports and recreation program (anti-doping)	77	58
Australian Government assistance to stage the 2005 Deaflympic Games in Melbourne	78	58
Australian Government assistance to stage the 2006 Commonwealth Games in Melbourne	80	58
Australian Government financial support for the development of sporting facilities	80	39 (PAES)
Sporting opportunities for Indigenous people	81	39 (PAES)
Departmental items		
Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector	85	59

SECTION 2

Achievement of outcome

Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians

The Australian sports sector is strong, reflecting the community's interest in elite performance by Australian athletes and in participating in sport as a healthy and enjoyable activity. Across the country, sport is generally administered on a 'sport runs sport' basis, with financial and other support being provided by governments at all levels. Recipients of Australian Government funding are required by their funding agreements to display sound governance and implement appropriate anti-doping policies.

The Department works with the Australian Sports Commission and the Australian Sports Drug Agency to deliver funding and support in the areas of high-performance sport, community participation, major events, infrastructure and anti-doping, in accordance with the Australian Government's sport policy.

The Department's role is to:

- provide overarching policy advice to the Government, especially on anti-doping, sport industry development and Indigenous sport and recreation;

- manage specific programs on anti-doping research, water and alpine safety and sporting opportunities for Indigenous peoples;

- oversight the delivery of sporting infrastructure where the Australian Government has approved funding; and

- coordinate the Government's support for major sporting events, which in 2004–05 included the Melbourne 2005 Deaflympics and the Melbourne 2006 Commonwealth Games.

A key focus for the Department's activities during 2004–05 was progress on enhancing Australia's anti-doping framework. Legislation is now in place to enable customs information to be made available, where appropriate, for use in the fight against drugs in sport. The Government also announced the establishment of the new Australian Sports Anti-Doping Authority to provide more robust, independent and consistent arrangements for the investigation and hearing of sports doping allegations.

The Australian anti-doping framework will be most successful if it is part of a harmonised system for fighting drugs in sport around the world. The Department worked closely with both the Australian Sports Commission and the Australian Sports Drug Agency to ensure that the World Anti-Doping Code was adopted across the Australian sporting system. As at 30 June 2005, only one national sporting organisation had failed to adopt the code.

The Department also led Australia's participation in the development of a UNESCO International Convention against Doping in Sport. Australia played a key role in developing the convention, including through membership of an intergovernmental meeting of experts which was responsible for drafting the convention. Once adopted by UNESCO and ratified by countries around the world, the convention will give further international strength and impetus to Australia's tough stance against drugs in sport.

Using sport to build healthy and active communities is a key Government objective. This is particularly relevant to Indigenous communities, where sport is an important feature of community life. During 2004–05, the Sporting Opportunities for Indigenous Peoples program (now called the Indigenous Sport and Recreation program) continued to be an important vehicle for providing financial support to communities for sport and recreation initiatives. This program was

transferred from the former Aboriginal and Torres Strait Islander Services agency to the Department on 1 July 2004 and, after a short transitional period, was integrated into the Department's mainstream operations under Outcome 2.

The Department successfully coordinated the Australian Government's support for the Deaflympics, held in Melbourne in January 2005. This was a significant international sporting event, involving 3000 athletes from 78 countries. The Australian Government's financial and in-kind contributions were crucial to the successful staging of what was widely regarded as 'the best Deaflympics ever'.

High levels of sport participation

In consultation with the Australian Sports Commission, the Department reviewed the programs and activities that were delivered by the commission over the past four years to encourage a higher level of participation in sport. The review, which was undertaken as part of a broader review of the Government's Backing Australia's Sporting Ability—A More Active Australia strategy, concluded that there had been an overall increase in grassroots participation levels and in the number of new members of sporting organisations.

In 2004–05, the Department continued to work closely with the Australian Sports Commission, the states and territories and the Australian Bureau of Statistics

to undertake detailed measurement and analysis of participation in sport and physical activity in Australia. The availability of detailed statistics enables the monitoring of trends in participation rates and underpins the provision of policy advice to government, particularly in relation to community participation in sport. In 2004–05, available data was used in the context of the review of Backing Australia's Sporting Ability.

The Exercise, Recreation and Sport Survey (ERASS) is a joint Commonwealth and state initiative. The survey is conducted annually to collect data on the frequency, nature and type of activities undertaken by people aged 15 years and over for exercise, recreation and sport during the 12 months before interview.

In 2004, the rate of participation in exercise, recreation and sport remained stable compared to the rate in 2003 (see figure 2.22). Preliminary data suggests

that an estimated 82.8 per cent of Australians aged 15 years and over (13.1 million people) participated in at least one physical activity over the year. However, there has been a 6.4 per cent increase in the participation rate since 2001 when the ERASS survey commenced. Of particular note is a rise from 75.9 per cent in 2001 to 82.6 per cent in 2004 of participation in exercise, recreation and sport by women.

Figure 2.22 Participation in exercise, recreation and sport
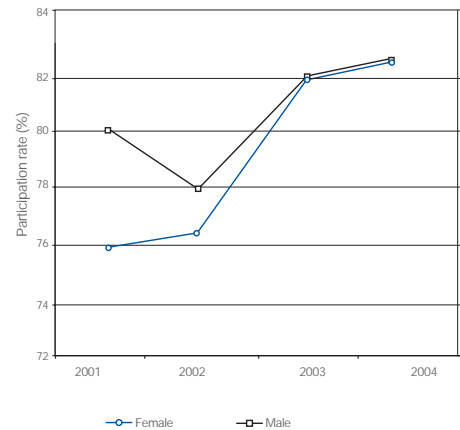
Soccer on day two of the Nura Mani Games (Youth Friendship Games) in Sydney; in 2004–05 DCITA provided $50 000 under the Indigenous Sport and Recreation Program to encourage Indigenous participation in the Games

Stronger and internationally competitive Australian sports sector

The Department contributes to the development of a competitive Australian sports sector through its work on strengthening the fight against doping in sport, coordinating government involvement in major sporting events and providing policy advice to government on sport issues.

Through the year, in consultation with the Australian Sports Drug Agency and the Australian Sports Commission, amendments were made to both the *Australian Sports Drug Agency Regulations 1999* and the *Australian Sports Commission Act 1989*. The *Australian Sports Drug Agency Regulations 1999* were amended to strengthen the regulatory framework and bring it into line with the World Anti-Doping Code. Amendments were made to the *Australian Sports Commission Act 1989* to facilitate the more effective use of customs information in doping investigations.

In November 2004, the Department circulated a public discussion paper on improved arrangements for the investigation and prosecution of sports doping allegations. This work culminated in the announcement on 23 June 2005 of the Government's intention to establish a new independent body, the Australian Sports Anti-Doping Authority, to ensure all sports doping allegations are rigorously investigated (see case study page 86). The Department subsequently commenced development of a legislative proposal to implement that decision.

Australian Government financial and other support for major sporting events, such as the Melbourne 2005 Deaflympics and the upcoming Melbourne 2006 Commonwealth Games, is a key strategy for building the Australian sport and leisure industry. These events not only give Australia's high-performance athletes the opportunity to participate in world-class sporting competition, but also showcase Australia's ability to stage major events and promote the capacity of the Australian sport and leisure industry generally.

There is emerging evidence of strong growth in sport-related exports, particularly in the context of the 2008 Beijing Olympics. For example, Australian firms won substantial contracts for the design of the Beijing Olympics swimming centre and athletes' village.

Administered items

Water and alpine safety

Key initiatives undertaken

The National Recreation Safety Program (water and alpine safety) provides funding to national recreation safety organisations with the aim of reducing the number of aquatic and skiing accidents and deaths in Australia. Funding is also provided for high-priority projects, including those identified by the Australian Water Safety Council in the revised National Water Safety Plan 2004–07.

In 2004–05, the Department administered funding totalling $4.99 million to the four national recreation safety organisations, Surf Life Saving Australia, Royal Life Saving Society Australia, AUSTSWIM and the Australian Ski Patrol Association, to support the general administration of the organisations and assist in the delivery of water and alpine safety programs. Special-purpose and high-priority project funding was also provided to support 29 projects.

Twenty-two water safety and seven alpine safety projects were funded (see figure 2.23).

In addition, the Government has committed $1.5 million over four years from 2004–05 to Surf Life Saving Australia to support a range of activities to enable Australians to celebrate the centenary year of surf lifesaving in Australia, the 2007 Year of the Surf Lifesaver. In 2004–05, the Department administered a grant of $500 000 to Surf Life Saving Australia for this purpose.

Figure 2.23 Water and alpine safety—key objectives

Australian Government water safety objectives	Number of projects funded which met objective
Water safety education	11
Water safety research	4
Aquatic locations	3
Targeting key drowning demographics	4
Australian Government alpine safety objectives	**Number of projects funded which met objective**
Alpine rescue service provision	3
Alpine safety education and public awareness campaigns	3
Production of alpine safety resource materials	1
Management of alpine recreation locations	0

All organisations met the required performance indicators and payments were acquitted within the specified timeframe. The Department's annual client service survey report also showed that 100 per cent of respondents rated the Department's service as good or excellent.

The National Recreation Safety Program (water and alpine safety) was reviewed by the Department in 2004–05. The positive conclusions of the review resulted in the announcement in the 2005–06 Budget of renewed funding of $10.6 million over four years.

Sport and Recreation (Anti-Doping) program

High-quality research

The Department administers the Sport and Recreation (Anti-Doping) program, which provides funding to academic and scientific organisations to undertake anti-doping research, with the aim of improving the analytical capability of detecting the use of banned substances and doping agents in sport. The program also provides funding for Australia's annual subscription to the World Anti-Doping Agency.

In 2004–05, $1.591 million was made available under the Sport and Recreation (Anti-Doping) program, of which $316 000 was used to pay the World Anti-Doping Agency subscription, and the remainder made available for anti-doping research. The Anti-Doping Research Program panel,

chaired by the Department, coordinates the allocation of the research funding and monitors the progress of funded projects.

Research grants totalling $627 000 were made under the Sport and Recreation (Anti-Doping) program, compared with total grants of $885 140 in 2003–04. Figure 2.24 lists the anti-doping research projects that received funding in 2004–05. Funding allocated under the program was below expectation in 2004–05, with approximately 50 per cent of the available money being allocated to projects. The full amount of available funding was not allocated because not enough research proposals of a sufficient standard were submitted. Particularly, no applications meeting program criteria were received against the research areas of exogenous and endogenous anabolic steroids and projects relating to the prohibited substances list. The Department is currently examining ways to enhance the number and quality of research proposals submitted for consideration.

Final reports submitted for projects funded in 2002–03, and progress reports for projects funded in 2003–04, demonstrate that all projects had made good progress, particularly those research projects conducting tests to detect erythropoietin and growth hormone doping. All projects complied with the grant requirement that they provide progress reports within agreed timeframes. In addition, the Department's annual client service survey report showed that all respondents rated its service as good or excellent.

Programs and activities funded under Backing Australia's Sporting Ability were reviewed in 2004–05. The Government recommitted to the program in the 2005–06 Budget, providing additional funding of $5.1 million over four years from 2005–06. This was over and above the Government's 2004 election commitment to increase resources for anti-doping research by $2.6 million over four years from 2004–05.

Australian Government assistance to stage the Deaflympic Games

High-quality administration of financial assistance for Melbourne 2005 Deaflympic Games

The 2005 Deaflympic Games (M2005 Games), held in Melbourne and Ballarat from 5 to 16 January 2005, were an important event for Australia generally and Australia's deaf and hard-of-hearing community in particular.

The Australian and Victorian governments each provided up to $4 million to the M2005 Organising Committee to support the staging of the Games. The Australian Sports Commission provided an additional $150 000 to support the M2005 Games.

The Melbourne 2005 Deaflympic Games Ltd (M2005 Organising Committee) managed the planning, promotion, staging and service delivery of the Games.

The M2005 Games was the largest multi-sports event to be held in the world in 2005 and the largest Deaflympic Games to date, with more than 3600 athletes and officials from 78 nations competing in 15 sports. The president of the International Committee for Sports for the

Figure 2.24 Sport and Recreation (Anti-Doping) program—high-quality research 2004–05 funding

Priority research areas		Funding
Factors enhancing the oxygen-carrying capacity of blood	Feasibility study for the production of certified reference materials for the measurement of the testosterone/epitestosterone ratio in a urine matrix (National Measurement Institute)	$200 000
Factors regulating and enhancing growth	Defining interactions between anabolic and peptide hormones: requirement for a robust test for growth hormone doping (Garvan Institute of Medical Research)*	$427 000
Exogenous and endogenous anabolic steroids	No projects were funded under this research area	
Projects relating to the prohibited substances list	No projects were funded under this research area	

* The project received Anti-doping Research Panel funding in 2002–03 and 2003–04.

Deaf said at the closing ceremony that they were the 'best Deaflympics ever'.

The Department administered the funding agreement between the Australian Government and the M2005 Organising Committee. Funding was provided in three instalments during 2004–05.

The M2005 Organising Committee complied with 24 of 26 performance indicators for 2004–05. The Department agreed to defer the due date for submission of the final report and audited financial statement as a result of unavoidable delays experienced by the M2005 Organising Committee in settling claims from creditors and finalising its financial affairs.

The Australian Government also provided $400 000 to Deaf Sports Australia to support the Australian team's participation in the M2005 Games. The support contributed towards the Australian team of 170 athletes, the largest to represent Australia at a Deaflympic Games. The team recorded its best-ever performance to finish 13th on the medal table, winning four gold, six silver and three bronze medals.

Deaf Sports Australia complied with the conditions of the funding agreement and with agreed performance indicators for 2004–05, except that the Department agreed to defer final acquittal of the grant until 2005–06 to ensure that Deaf Sports Australia complied with all conditions of the funding agreement and that these were appropriately addressed in its final report.

SECTION 2

Australian Deaflympic team medal winners after the Melbourne Games in January 2005

Australian Government assistance to stage the 2006 Commonwealth Games in Melbourne

High-quality administration of financial assistance for the Melbourne 2006 Commonwealth Games

In 2003–04, the Australian Government provided $40 million to the Victorian Government to support the staging of the M2006 Games. The Department continued to administer the funding agreement through 2004–05. No additional financial assistance was provided to the Victorian Government during 2004–05.

During 2004–05, the Victorian Government complied with 13 of 15 (86.6 per cent) performance indicators relating to the implementation of the initial funding agreement.

The second funding agreement between the Department and its Victorian counterpart for the provision of the remaining $62.9 million was not finalised due to delays in reaching agreement on the manner in which the Australian Government's financial and other support for the M2006 Games would be recognised and acknowledged. Negotiations on the second funding agreement were continuing at the conclusion of the financial year.

Australian Government financial support for the development of sporting facilities

High-quality administration of financial assistance

During the 2004 election the Government made 38 funding commitments for:

- the redevelopment of the Whitten Oval at Footscray, Victoria ($8 million);

The Minister for the Arts and Sport, Senator Rod Kemp, with Melbourne 2006 volunteer applicants Michael Ng and Maryam Karim at the Volunteer Program launch in January 2005; the Australian Government is fully funding the M2006 Volunteer Program as part of its contribution to support and stage the Melbourne 2006 Commonwealth Games

- an upgrade of Penrith Stadium in Western Sydney, New South Wales ($10 million);

- up to seven different projects to improve sporting facilities in Tasmania (up to $7.87 million);

- the development of the Geelong Legends Sporting Boulevard as part of stage 2 of the Skilled Stadium redevelopment plan at Kardinia Park, Geelong, Victoria ($2 million);

- an upgrade of Kogarah Oval in Sydney ($8 million); and

- 27 different projects to improve sporting facilities throughout Australia ($1.98 million).

During 2004–05, the Department completed funding agreements for 29 of the above projects, resulting in total payments of $4.72 million. Funding commitments for nine of the 38 projects,

including Whitten Oval, Penrith Stadium and Kardinia Park, were not finalised during 2004–05 due to delays in receiving project details. In each case, the Department continues to work closely with the project proponents to finalise these funding commitments.

In accordance with agreed reporting schedules, recipients will commence reporting during 2005–06 on the progress of funded projects.

Sporting opportunities for Indigenous People

High-quality program funding and grant administration for the Sporting Opportunities for Indigenous People program

The broad objective of the Sporting Opportunities for Indigenous People program, now known as the Indigenous Sport and Recreation Program, is to improve the health and wellbeing of

SECTION 2

The Sport Programs team: l to r Paco Iglesias, Kath Paton, Anthony Galliozzi, Damien Brazel, Jon Jones

Case study

Kimberley Women in Sport and Recreation Project

Many Indigenous people in the Kimberley area of Western Australia play Australian Rules football. The players have usually been young males and the project's designers decided to find a way to encourage more Indigenous females to participate in sport and recreation activities.

Women and girls who participate in the Kimberley Women in Sport and Recreation project mainly play softball and netball, and they are also encouraged to learn coaching and officiating roles. The program takes the opportunity to identify potential community leaders and to develop them to take leadership roles in their communities.

The project, part of the Indigenous Sport and Recreation Program, began in January 2005 and is run by the Garnduwa Amboorny Wirnan Aboriginal Corporation. Whole communities are encouraged to participate, whether by simply coming to watch or by helping out on match day. There have been carnivals for softball, netball and other sports, accredited coaching courses and development camps. Some of the events have incorporated a 'health and life skills' component. Messages like 'Smarter

than Smoking' and 'Drink Play No Way!' are promoted at all the activities.

Indigenous Sport and Recreation Program funding for the Kimberley Women in Sport and Recreation project has enabled the employment of two Indigenous women as development officers, one in Halls Creek and the other in Wyndham. This is in addition to the program funding provided to Garnduwa for three development officers who will assist with the project.

Although the project is still in its early stages and its impact is still to be assessed, feedback from schools and communities has been very positive. By June this year, almost 3500 people had participated in one or more of the activities.

The Kimberley Women in Sport project is already helping to pave the way for a whole-of-government approach to servicing Indigenous communities in the Kimberley area. Discussions are under way between government agencies, non-government organisations, the private sector and Indigenous communities with a view to establishing a multi-regional sport and recreation partnership.

Participants in the Kimberley Women in Sport and Recreation project in action, attending softball clinics at the Balgo community's school oval

Indigenous people through participation in sport and recreation. The program operates Australia-wide.

The Sporting Opportunities for Indigenous People program was transferred to the Department from the former Aboriginal and Torres Strait Islander Services agency on 1 July 2004. During 2004–05, payments were made by the Department of Immigration and Multicultural and Indigenous Affairs until 6 January 2005, at which point the remaining funds ($5.6 million) were transferred to the Department. The funding figures below are based on 2004–05 Budget figures for the full year including funds initially held by the Department of Immigration and Multicultural and Indigenous Affairs.

The Indigenous Sport and Recreation program consists of three elements.

- The Regional Funding Program provides assistance for local sport and recreation projects. Funding is provided mostly for community-based sport and physical recreation programs, including skills development programs, carnivals and events and, to a lesser extent, facilities and equipment.

- The Multi-Regional Funding Program provides assistance to community-based organisations for projects carried out in more than one region that assist Indigenous people. The majority of funding supports community-based programs that

directly engage young people in sport and physical recreation activities, including major carnivals and events.

- Funding for the Indigenous Sport Program is provided by the Department. The program is administered by the Australian Sports Commission under a memorandum of understanding with the Department. It includes an elite Indigenous travel and accommodation assistance program providing grants to Indigenous athletes attending national and international competitions. It also funds a network of Indigenous sport development officers attached to most state and territory sport and recreation departments. The Indigenous sport development officers develop and implement community sport programs in Indigenous communities in conjunction with state and national sporting organisations.

In 2004–05, $9.1 million was provided under the regional and multi-regional elements of the Sporting Opportunities for Indigenous People program. This includes the Department of Immigration and Multicultural and Indigenous Affairs component of $4.7 million. A total of 328 funding submissions were received and 179 (or 55 per cent) were approved for funding. The average grant amount was $51 397.

In approximately 84 per cent of cases, the decision to approve or decline 2004–05 funding was finalised within two weeks

SECTION 2

of the start of the financial year, including processing the first release of funds for approved projects. Activities not approved within this timeframe required further information from applicants, or concerned projects where the proposed activity was to be held later in the financial year.

The 179 grants administered encompassed a wide range of sport and physical recreation activities in urban, regional and remote locations across Australia. They included sporting competitions and carnivals, outdoor adventure camps, skills development programs, healthy living workshops, fitness clinics, equipment upgrades and sports traineeship programs. Some specific projects have been noted for a high level of success in diverting young people away from antisocial behaviour.

The Geraldton Sporting Aboriginal Corporation in Western Australia, for example, is using sport and physical recreation activities as a tool to change the lifestyles of young people, particularly primary school students and their families.

The sport and recreation activities in Geraldton are supported by messages that promote healthy living and personal development such as self-esteem, leadership and teamwork. This is conducted in partnership with other agencies such as the Western Australian state health agency Healthway.

Feedback from community members, schools and other agencies indicates that school attendance rates have increased,

as has the number of young people and family members participating in sport and physical recreation activities.

Some participants have reached a high competitive level including Olympic boxer Anthony 'Blue Boy' Little, one of a handful of Indigenous boxers to attend the 2004 Olympic Games in Athens. His achievements have instilled a sense of pride in the wider Geraldton community.

The Department's annual client service survey report showed that 91 per cent of sports clients were satisfied with the Indigenous sport services provided by the Department.

End-of-year reporting by funded organisations on financial and project performance is not due until early in the 2005–06 financial year. It is therefore not possible to provide final information on the number of unacquitted grants.

Under a memorandum of understanding between the Department and the Australian Sports Commission, 614 grants totalling almost $500 000 were approved for assistance by the commission under the elite Indigenous travel and accommodation assistance program. In all cases grants were processed within one week of receiving the application. The network of Indigenous sport development officers funded under the memorandum of understanding continued to work closely with state and national sporting organisations in conducting accredited skills development programs across a range of sports and in organising sporting programs and events.

SECTION 2

Outputs

Output 2.1

Policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector

High-quality and timely policy advice and ministerial services

The Department provides policy advice and support for the Minister across the range of sport issues.

The compliance rate for Question Time briefs has increased significantly compared to the previous year. The Department's processes will continue to be monitored, however, to achieve further improvement in the compliance rate. In all cases, where original targets were not met, alternate timing for the submission of Question Time briefs was negotiated with the Minister's office and all briefs were provided within those timeframes.

The responses to three parliamentary questions on notice were not provided within the required timeframes. While delays in responding can be attributed to the complexity of responses required and the need to consult portfolio agencies, this result is not acceptable. Portfolio agencies and departmental staff have been reminded of the need for quick turnaround and from now on responses will be personally monitored by the Arts and Sport senior executive.

Figure 2.25 Advice provided within agreed timeframes

Type of advice	2003–04		2004–05		% change
	Total	(%) on time	Total	(%) on time	
Ministerial correspondence	63	74	122	78	+4
Briefings initiated by the Department	172	not applicable	218	not applicable	not applicable
Meeting briefs	64	77	70	72	-5
Question Time briefs	57	28	69	58	+30
Parliamentary questions on notice	5	60	4	25	-35

Case study

Enhancing Australia's anti-doping framework

Australia's Tough on Drugs in Sport strategy is regarded internationally as best practice. It has a strong policy and legislative framework, a high-class drug testing program, comprehensive anti-doping education and a program of measures to deter the flow of illicit drugs. It is also a leader in fostering international collaboration.

It is important, however, for the Department to evaluate the strategy regularly and to be alert for opportunities for improvement.

In 2004–05, for example, a need was identified to develop more robust, consistent, transparent and independent mechanisms to handle the investigation and prosecution of sports doping allegations.

The Department had been working for some time with the Australian Sports Commission and the Australian Sports Drug Agency on options to improve the investigation and hearing of possible doping violations.

In 2004, the issue of drugs in sport received widespread publicity when allegations were aired about possible doping violations by members of the Australian cycling squad.

A report by Robert Anderson QC, prepared in response to those allegations, recommended the establishment of a body independent of the Australian Institute of Sport, the Australian Sports Commission and of sports themselves. It should, he stated, have the power to investigate 'suspected infractions such as substance abuse' and carry out prosecutions where warranted.

At the same time as Mr Anderson's investigations, the Government had been examining the issue of an independent body to deal with alleged doping infractions. In November 2004, the Department consulted widely as the basis of a discussion paper on how to improve arrangements for investigating and prosecuting sports doping allegations.

This feedback was to develop a proposal for a new Australian Sports Anti-Doping Authority (ASADA), announced by the Government on 23 June 2005.

ASADA will be central to anti-doping activities. It will test for and investigate doping allegations, present doping cases before sporting tribunals, and take over the policy development, approval and monitoring role of the Australian Sports Commission.

It will also assume the testing, education and advocacy functions of the Australian Sports Drug Agency, and incorporate the Australian Sports Drug Medical Advisory Committee.

News of the new authority was well received by stakeholders including the World Anti-Doping Agency, the Australian Olympic Committee and key sporting organisations. Legislation will be introduced to parliament with a view to making ASADA operational as early as possible in 2006.

The Department provided policy advice on a range of complex issues during the year, including:

- anti-doping, including compliance of Australian sports with the World Anti-Doping Code, development of the UNESCO Convention on Anti-Doping and issues relating to the Anderson report into allegations of doping against certain members of the Australian cycling team;

- policy, procedural and legislative options for enhanced arrangements for the investigation and hearing of sports doping allegations;

- requests from the Victorian Government for Commonwealth legislation to protect Commonwealth Games indicia and to provide customs tariff exemption for non-commercial goods imported to Australia at the time of the M2006 Games by Commonwealth Games Family members;

- Australian Government involvement in the M2006 Games, including advice on the provision of financial and other support to the Victorian Government;

- support for the staging of the M2005 Deaflympic Games and support for the Australian team; and

- a coordinated, whole-of-government communications strategy for the M2005 and M2006 Games.

Highly effective contribution to, and coordination of, international anti-doping initiatives

The Government is represented on the executive committee and foundation board of the World Anti-Doping Agency by the Minister for the Arts and Sport. The Department provided policy advice to the Minister in performing this role and represented him at meetings he was unable to attend. In addition, the Department coordinated the Government's involvement in the development of the World Anti-Doping Code and the UNESCO Convention Against Doping in Sport.

The Department's contribution to these initiatives is summarised in figure 2.26.

SECTION 2

Figure 2.26 International anti-doping initiatives

World Anti-Doping Agency		
Initiative	Purpose	Department's contribution
World Anti-Doping Agency Executive Committee and Foundation Board meetings	Promotion, coordination and harmonisation of anti-doping measures internationally	The Department represented the Oceania region and Australian Government at three meetings of the World Anti-Doping Agency executive committee and two meetings of the Foundation Board in 2004–05. The Department made a contribution at these meetings on a number of issues including: • arrangements for the election of a World Anti-Doping Agency vice-chair; • a fast-track process for amending international standards; • the need for ongoing monitoring of World Anti-Doping Agency strategic planning objectives, including in respect of code compliance; and • ensuring there was robust discussion about the contents of the 2005 Prohibited Substances List.
Government funding for the World Anti-Doping Agency	Provide funding for the promotion, coordination and harmonisation of anti-doping measures internationally	100 per cent of the Australian Government contribution to the annual World Anti-Doping Agency budget was paid on time. The timeliness of contributions from member governments continues to be a difficulty for World Anti-Doping Agency, who have been appreciative of the good example set by the Oceania region.
World Anti-Doping Code	Development of standards and harmonisation for international anti-doping measures	The Department undertook a number of initiatives domestically to ensure implementation of the World Anti-Doping Code, including: • coordination of amendments to the *Australian Sports Drug Agency Regulations 1999* to enable Australian Sports Drug Agency to align their procedures to meet their obligations under the World Anti-Doping Code. The amendments were consequential to amendments made to the *Australian Sports Drug Agency Act 1990* in the previous financial year. The regulations were gazetted on 6 August 2004; • coordination of amendments to the *Australian Sports Commission Act 1989* to correct procedural impediments to the Australian Sports Commission (ASC) executive director being able to pass customs information to sporting organisations to allow them to undertake subsequent investigation and action. The Act received Royal Assent on 1 April 2005; and • in conjunction with the Australian Sports Commission and the Australian Sports Drug Agency, working closely with sporting organisations, in particular a small number of professional sports, throughout the year to ensure that their anti-doping policies would be consistent with the code by 30 June 2005. All but one of the ASC funded sports submitted code compliant policies by the due date. That sport is now code-compliant.

UNESCO		
Initiative	Purpose	Department's contribution
UNESCO International Convention against Doping in Sport	Development of an international anti-doping instrument that will harmonise and coordinate anti-doping efforts across governments	Through the Department, Australia was a leading participant in the development of a UNESCO International Convention Against Doping in Sport, including through representation at an intergovernmental meeting of experts. The UNESCO director-general provided a preliminary draft of the UNESCO Convention to member states for comment in July 2004. The Department coordinated the Australian Government's formal response, which included consulting with relevant agencies and state and territory governments. The Department represented the Australian Government at the following meetings: • an international conference of ministers and senior officials responsible for physical education and sport in December 2004; and • the third session of the Intergovernmental Meeting of Experts in January 2005. Following these meetings, a final draft of the convention was developed and officially provided to member states in February 2005. The UNESCO Convention Against Doping in Sport will provide an instrument for national governments to strengthen their national anti-doping programs, and harmonise and coordinate anti-doping efforts in line with the World Anti-Doping Code. Member states will have an opportunity to adopt the convention at the next UNESCO general conference, scheduled for October 2005.

SECTION 2

Compliance with accountability standards

There were no internal or external audits of sport programs in 2004–05.

The Department conducted a review of funding provided under the Backing Australia's Sporting Ability strategy, which lapsed in 2004–05. The strategy was launched in April 2001 to encourage the development of a national sports system that is dynamic and innovative, while at the same time encouraging greater community involvement at the grassroots level. The review focused on the programs and activities of the Australian Sports Commission and the Sport and Recreation (Anti-Doping) program managed by the Department. These programs and activities were assessed as being appropriate, effective and efficient, and the Government provided $170.4 million in funding over four years for the program in the 2005–06 Budget.

The National Recreation Safety Program (water and alpine safety) was also reviewed in 2004–05. The Government provided $10.6 million over four years in funding for the program in the 2005–06 Budget.

Well-coordinated approach to Commonwealth involvement in Melbourne 2006 Commonwealth Games (M2006 Games)

The Australian Government will provide an assistance package, valued at $280.8 million as at 30 June 2005, containing direct financial assistance and the provision of services to support the M2006 Games. The package includes $102.9 million in direct funding to Victoria, as well as $177.9 million in services and support to be supplied by Australian Government agencies.

The Minister for the Arts and Sport is coordinating the Australian Government's involvement in the M2006 Games. The M2006 Taskforce in the Department supports the Minister in performing this role.

The Department coordinates the involvement of more than 25 Australian Government agencies expected to provide services and support for the M2006 Games, and liaises with the Victorian Government on planning and delivery of Australian Government support.

The Department also services the M2006 Ministerial Committee on Non-Security Matters and a high-level officials group comprising the secretaries of relevant Australian Government departments, which provides advice to the ministerial committee. The group is chaired by the Secretary of the Department.

To monitor progress of those Australian Government agencies providing services and support for the M2006 Games, the Department coordinated the preparation of two progress reports on security arrangements and a further whole-of-government progress report covering security, non-security and communications preparations. The reports demonstrated that preparations for delivery of services and support were on schedule.

The Melbourne 2006 Commonwealth Games (Indicia and Images) Protection Act 2005 (the M2006 Act), which commenced on 26 June 2005, provides greater protection against the unauthorised use of M2006 indicia. Protection provided by the M2006 Act is similar to protection provided by equivalent Commonwealth legislation enacted to protect Olympic indicia and images at the time of the Sydney 2000 Games. The legislation will provide a more secure environment for the M2006 Corporation to raise sponsorship revenue and reduce ambush marketing.

As in 2003–04, the M2006 Taskforce again evaluated its effectiveness through qualitative feedback from its stakeholders. The survey sought stakeholder assessment of the taskforce's level of contact with agencies, its efficiency and effectiveness, its ability to provide necessary assistance to stakeholders,

the timeliness of consultation and satisfaction with the extent to which they were consulted and involved. The effectiveness of the taskforce was rated consistently in the good to very good range. The survey results indicate that the taskforce maintained previous standards in relation to the quality of assistance provide to stakeholders, the timeliness of contact, and overall satisfaction with the level of contact with stakeholders. Compared to the previous year there was a significant increase in the level of contact with the taskforce, and a slight increase in the perceived efficiency and effectiveness of that contact.

The Department's annual client service survey report showed that 100 per cent of sports clients were satisfied with the policy advice, program management and agency support for the sports sector provided by the Department.

Figure 2.27 M2006 Taskforce client survey 2004–05
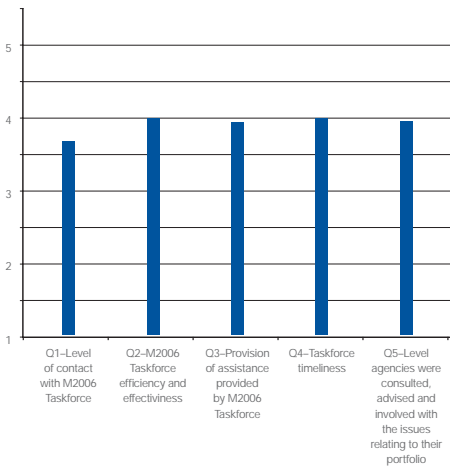
Highly effective budget management

As identified in the resources for outcome table on page 70, the overall price of output 2.1 was $8000 under the budget estimate. Program expenses were on track with the budget estimate and running cost expenses accounted for the major part of the variation.

Outcome 2 administered funding programs were underspent by $26.1 million in 2004–05. A number of funding agreements for the development of sporting facilities could not be finalised during 2004–05 due to delays in recipients providing project details, resulting in a $16.4 million underspend. The slippage will be rectified in the coming financial year. Under the Sport and Recreation (Anti-Doping) Program there was a $0.6 million underspend on funding for research projects, for the reasons summarised at page 77. There were also further delays in commencement of the Holsworthy Rifle Range project, as described under Outcome 1 on page 48, resulting in an $8.862 million underspend.

Managers conduct a regular evaluation of budget outcomes, and commentary on variations between budget and expenditure is provided to the Executive Management Group each month. The commentary also includes forecasting of budget issues where appropriate.

Development of services and provision of a regulatory environment which encourages an efficient and effective communications sector for the benefit of all Australians

Outcome 3

Resources for outcome

Outcome 3

Development of services and provision of a regulatory environment which encourages an efficient and effective communications sector for the benefit of all Australians

	(1) Budget 2004–05* $'000	(2) Actual 2004–05 $'000	Variation (column 2 minus column 1) $'000	Budget 2005–06** $'000
Administered expenses (including third-party outputs)	455 720	425 346	-30 374	397 081
Total administered expenses	455 720	425 346	-30 374	397 081
Price of departmental outputs				
Output 3.1 Policy advice and program management which encourage competitively priced and reasonably accessible telecommunications and postal services	23 968	25 018	1 050	25 323
Output 3.2 Policy advice and program management which promote accessible high-quality broadcasting services	18 917	18 666	-251	14 657
Output 3.3 Policy advice and program management that assist the development of the information and communications technology industry	7 958	8 214	257	7 410
Output 3.4 Policy and program management of copyright issues that encourage the production of content and promote reasonable access to research and cultural materials	2 701	2 370	-330	1 798
Output 3.5 Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally	14 308	13 762	-546	14 742
Revenue from Government (appropriation) for departmental outputs	66 817	66 923	106	63 456
Revenue from other sources	1 034	1 108	74	474
Total price of outputs	67 851	68 031	180	63 930
TOTAL FOR OUTCOME 3 (Total price of outputs and administered expenses)	523 571	493 377	-30 194	461 011

			2004–05	2005–06
Average staffing level			395	431

* Budget estimates are as at 2004–05 Portfolio Supplementary Additional Estimates statement

** Budget estimates are as at 2005–06 Portfolio Budget Statements.

Performance information index

	Annual report page reference	PBS page reference
Outcome 3	97	72
Development of services and provision of a regulatory environment which encourages an efficient and effective communications sector for the benefit of all Australians and an internationally competitive information economy and information and communications technology industry		
Administered items		
Australia Post—Australia's response to foot-and-mouth disease and other quarantine risks	112	72
Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC)	112	73
National Relay Service	116	73
Universal Service Levy	116	73
Telstra Social Bonus—Building Additional Rural Networks (BARN)	117	73
Telstra Social Bonus—Local Government Fund	117	73
Telecommunications Service Inquiry response—mobile phone initiatives	118	74
Telecommunications Service Inquiry response—Internet Assistance Program	119	74
Telecommunications Service Inquiry response—National Communications Fund	120	74
Telecommunications Service Inquiry response—consumer representation	121	74
Telecommunications Service Inquiry response—telecommunications research	122	74
Regional Telecommunications Inquiry response—Higher Bandwidth Incentive Scheme (HiBIS)	123	75
ACA Regional Monitoring and Reporting Framework	123	75
Regional Telecommunications Inquiry response—Extending Mobile Phone Coverage	124	75
Regional Telecommunications Inquiry response—Satellite Phone Subsidy Scheme	124	75
Regional Telecommunications Inquiry—Coordinated Communications Infrastructure Fund	125	77
Regional Telecommunications Inquiry—Demand Aggregation Brokers	127	78
Regional Telecommunications Inquiry response—ITC training and technical support	128	75
International organisations contributions	129	75
Television Black Spots and Television Black Spots—Alternative Technical Solutions	130	76
ABC and SBS Digital Interference Scheme	131	76
National Transmission Network Residual Funding Pool	131	76
Commercial Radio Black Spots program	131	76
Regional Equalisation Plan	132	76
Indigenous Broadcasting program	133	51 (PAES)
Community Broadcasting Training Fund	133	51 (PAES)
Community Broadcasting Transmission Support	135	51 (PAES)
ICT Incubators Program	138	77
Information Technology Online	141	78
NetAlert Limited	142	51 (PAES)

SECTION 2

	Annual report page reference	PBS page reference
Departmental items		
Output 3.1 Policy advice and program management which encourage competitively priced and reasonably accessible telecommunications and postal services	144	78
Output 3.2 Policy advice and program management which promote accessible high-quality broadcasting services	159	79
Output 3.3 Policy advice and program management that assist the development of the information and communications technology industry	170	80
Output 3.4 Policy advice and program management of copyright issues that encourage the production of content and promote reasonable access to research and cultural materials	175	81
Output 3.5 Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally	179	82
Evaluations Evaluation of the Telecommunications Action Plan for Remote Indigenous Communities	156	83

SECTION 2

Achievement of outcome

Development of services and provision of a regulatory environment which encourages an efficient and effective communications sector for the benefit of all Australians, and an internationally competitive information economy and information and communications technology industry

The Department contributes to Outcome 3 by providing strategic advice on policy and regulatory frameworks, and by developing and administering relevant programs.

Indicators across the communications and information and communications technology (ICT) sectors for the year were positive overall.

- Telecommunications prices fell (see figure 2.28), while revenue growth sustained its steady trend against gross domestic product (GDP) growth levels.

- Broadband connections have overtaken dial-up Internet connections, and nearly two-thirds of small and medium enterprises now have broadband access.

- The digitisation of free-to-air and subscription television services continued, and new and innovative content and services were introduced.

- Exports of information and communications technology services continued to grow.

- Australia improved its position in the Economist Intelligence Unit's 'e-readiness' rankings, receiving the second-highest ranking in the Asia–Pacific region and improving its position from 12th in 2004 to 10th in 2005.

Figure 2.28 Comparison between price increases in the telecommunications sector and the inflation rate
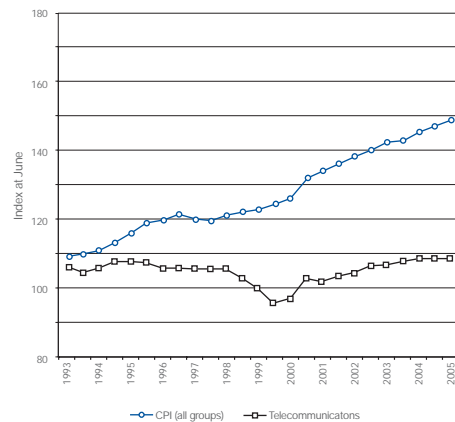
Source: ABS 6401.0 Consumer Price Index

Regional issues remained important for all aspects of communications. The Department continued to implement the Government's response to the Regional Telecommunications Inquiry (the Estens inquiry), focusing on telecommunications facilities and service levels, including those for Indigenous communities. Other initiatives, such as the television and radio black spots programs, have improved broadcasting reception in many regional areas. The Television Black Spots Program concluded during the year, having provided new services in nearly 250 communities.

The Australian Broadcasting Authority and the Australian Communications Authority worked towards the target date of 1 July 2005 for merging to become the Australian Communications and Media Authority. The new regulator, which will be responsible for regulating telecommunications, broadcasting, radio communications and online content, is better placed to respond to the impacts of convergence in the wider communications sector. *The Australian Communications and Media Authority Act 2005*, and nine consequential and transitional Acts enabling the merger, received Royal Assent on 1 April 2005.

Important strategic issues taken up in the Department's advice to the Government over the year included voice over Internet protocol services and mobile content,

both of which require a more flexible and collaborative approach to issues crossing different industry sectors. Issues raised by such technological convergence are also being addressed with the states and territories through bodies such as the National Broadband Strategy Implementation Group.

An emerging issue in the broader information and communications technology environment is the impact that these technologies have in enhancing productivity. The Department's report *Achieving value from ICT: key management strategies* demonstrates empirically that effective use of ICT can significantly improve productivity.

The Department plays a key role in ensuring that Australian policy interests are advanced in the many international negotiations and organisations that influence the communications and ICT sectors. During the year this has been achieved through multilateral and bilateral trade negotiations, promotion of telecommunications trade liberalisation in APEC, and the development of guidelines to help Internet service providers negotiate fairer Internet connection agreements internationally.

Competitively priced and reasonably accessible telecommunications services

In 2004–05 there were a number of important developments in the telecommunications market, whose regulatory and policy framework:

- encourages open competition between service providers;

- supports fair access by service providers to telecommunications networks;

- gives the Australian Competition and Consumer Commission strong powers to investigate and address complaints about anticompetitive conduct;

- provides specific consumer safeguards, including the universal service obligation, customer service guarantee and price controls on Telstra's telephone services; and

- provides targeted funding, giving equitable and affordable access to telecommunications services, particularly in regional and remote areas.

Throughout the year, there was significant investment in new broadband infrastructure capable of delivering the

next generation of broadband services. The continued deployment of wireless and asymmetric digital subscriber line (ADSL) networks also provided increased choice for consumers and drove the strong take-up of broadband services shown in figure 2.29.

Figure 2.29 Broadband subscriber growth in Australia
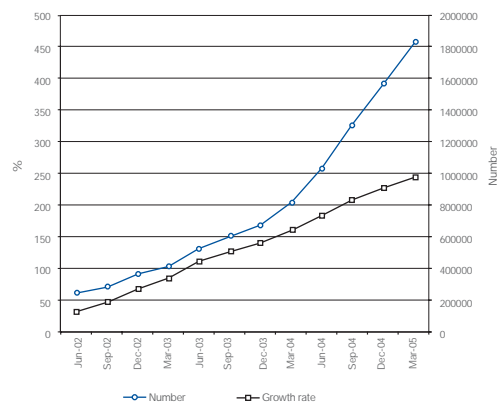
Source: Australian Competition and Consumer Commission

In 2004–05, the Department began an evaluation of the telecommunications competition regime, particularly in the context of the possible privatisation of Telstra. In April 2005, the Department released an issues paper which examined structural issues, investment incentives and the general operation of the access regime and anti-competitive conduct issues, and invited comments from stakeholders (33 submissions were received).

Price control arrangements featured strongly in the year's regulatory landscape. In February 2005, the Australian

Competition and Consumer Commission delivered its report to Government on the nature of price control arrangements that should apply after the expiry of the *Telstra Carrier Charges—Price Control Arrangements, Notifications and Disallowance Determination No.1 of 2002*. The Minister released the report publicly in March 2005.

The Government extended the period of the existing price controls for six months to the end of December 2005 to allow future price control arrangements to be considered at the same time as broader proposals for the telecommunications regulatory regime.

The Telecommunications and Other Legislation Amendment (Protection of Submarine Cables and Other Measures) Bill 2005 was introduced into Parliament on 23 June 2005. It provides increased protection for submarine telecommunications cables of national significance that link Australia to international networks and which carry the majority of Australia's voice and data traffic. The Bill passed Parliament in August 2005.

Following an election commitment by the Government to examine policy and regulation relating to next-generation network services such as voice over Internet protocol (VoIP), the Department participated in consultation workshops and examined 49 submissions in close collaboration with the Australian

Communications Authority and the Australian Competition and Consumer Commission. The Department's report to the Minister found that there was no need for change to primary legislation. But it did recommend changes to some subsidiary instruments to facilitate the development of services. Key issues included clarifying telephone numbering and emergency calling requirements.

Telecommunications consumer issues continued to play an important role in the Department's work. The Department participated as an observer on Telstra's Low Income Measures Assessment Committee throughout 2004–05 and provided the Minister with advice on the committee's annual report on the effectiveness of Telstra's package for low-income earners.

The Department advised the Minister on the report by the Australian Communications Authority on unexpected high bills and credit management in telecommunications, and consulted with stakeholders on the authority's findings and recommendations.

The Department monitored and advised the Minister on progress with the consumer contracts industry code of practice, published on 28 February 2005 and registered on 4 May 2005. The code is an important milestone in Australia's telecommunications self-regulatory regime, involving a high level of collaboration and cooperation between

industry and consumer stakeholders. Advice was provided on proposed amendments to the Telecommunications (Standard Form of Agreement Information) Determination 2003 to give effect to certain requirements in the consumer contracts code.

Access to telecommunications for the deaf, hearing impaired and speech impaired continued through the provision of the National Relay Service. The current contract for the National Relay Service is due to expire on 30 June 2006, and the Department began work on a competitive tender process for provision of the service from 1 July 2006.

Regional telecommunications issues continued to be significant. The Department conducted a community information campaign throughout 2004–05 to make regional consumers aware of telecommunications safeguards and opportunities available to them.

- Briefings on broadband initiatives and programs were held at 34 locations throughout regional Australia.

- An Indigenous telecommunications forum was held in Alice Springs.

- A poster campaign informed remote Indigenous communities about their rights and the services available to them.

- A regional information program included case studies of the impacts of various Regional Telecommunications Inquiry initiatives.

- A series of community radio items was distributed via Indigenous radio networks and Indigenous media.

The Department was also involved in the development of a whole-of-government strategy for the evaluation of regional programs.

The telecommunications rollout under the National Communications Fund was completed, providing improved access to broadband telecommunications in 469 regional towns throughout Australia. More than 34 000 customers were connected to high-bandwidth services through support from the Higher Bandwidth Incentive Scheme (HiBIS), with demand continuing to rise.

Demand for funds under the Satellite Phone Subsidy Scheme reached record levels during the year. Funds from 2005–06 were rephased into 2004–04 to cover this need.

The final mobile phone tower sites were completed under the Towns under 500 and Selected Regional Highways programs.

The first 12 sites were established under the Regional Telecommunications Inquiry Extended Terrestrial Mobile Phone Coverage program.

SECTION 2

A high-level steering committee from the Department, Telstra and the Australian Communications Authority accelerated the implementation of a range of Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC) programs.

The Government signed agreements with seven organisations under the Regional Telecommunications Inquiry IT Training and Technical Support program.

In June 2005, Ministers from Asia–Pacific Economic Cooperation (APEC) member countries met for the sixth APEC Telecommunications and Information Ministers Meeting to determine the directions for APEC work in the communications sector for the next two years. The Department supported the Minister, Senator the Hon Helen Coonan, when she attended the meeting.

The meeting endorsed Australian initiatives on security, spam and technical standards to reduce telecommunications trade costs. Australia has taken a lead role in APEC to promote telecommunications trade liberalisation, including promoting a best-practice guide for implementing World Trade Organization commitments. The Minister held a number of successful bilateral discussions with counterparts from the APEC region including the United States of America, China and Singapore.

Competitively priced and reasonably accessible postal services

The postal services market performed strongly during 2004–05. Australia Post's basic letter volumes were stable, with an expectation that they would decline in the future as a result of electronic substitution. At the same time, Australia Post's parcel services continued to grow, reflecting the strength of this competitive sector. Another important market feature was the continued strength of Australia Post's retail network.

The Government's aim is to achieve a postal system that responds to competitive forces while imposing obligations that benefit consumers. Accordingly, Australia Post is required to provide a letter service that is reasonably accessible to all Australians and a standard letter service at a single rate throughout Australia. The Department has continued to provide advice on these regulatory issues.

The Department prepared legislation to establish a Postal Industry Ombudsman within the Office of the Commonwealth Ombudsman. These measures were included in the Postal Industry Ombudsman Bill 2005, which was introduced into Parliament on 11 November 2004. This legislation will provide Australian consumers with a

recognisable, dedicated and independent entity to deal with their complaints about postal services.

The Department continued to oversee Government funding provided to Australia Post to enable 100 per cent screening of incoming international mail to detect diseases such as foot-and-mouth. Advice was also provided to the Government on the possible need for legislation to enable state and territory quarantine officials to screen mail entering their jurisdictions for materials that may be harmful to agriculture.

The Department has also addressed some important mail security issues, including the potential for the mail system to be used to send dangerous or harmful goods.

Departmental officials represented the Australian Government at the Universal Postal Union Congress in Bucharest, Romania, between 15 September and 5 October 2004. This is a treaty-level congress, held every four years, that deals with international mail issues.

Accessible and high-quality broadcasting services

Australia's television and radio broadcasting sectors broadcast a range of high-quality programs. More than 90 per cent of households have access to

local free-to-air television services through terrestrial transmissions. The rest of the population has access via satellite.

The rollout of free-to-air digital television services has continued throughout the year. By the first half of 2005 around 85 per cent of Australians had access to the digital transmissions of all their local television services, and approximately 95 per cent had access to the digital transmissions of the ABC. An estimated 920 000 digital television receivers had been supplied to retailers and installers by 30 June 2005, more than half of those in 2004–05. The growth in the number of digital television receivers in the market is shown at figure 2.30.

Figure 2.30 Number of digital receivers in the market
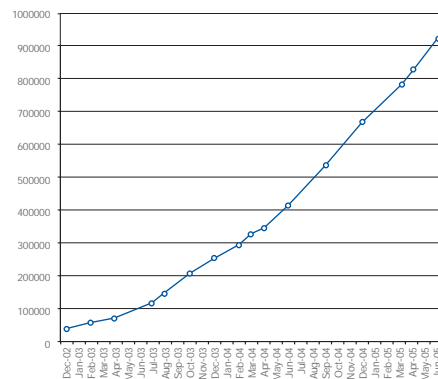
Source: Digital Broadcasting Australia

Australia has three major pay-television networks which are either in the process of converting to digital mode or have announced plans to do so. The provision

of digital subscription television services has increased the choice of channels available to subscribers and enabled new interactive services to be introduced.

During 2004–05, community television services in Brisbane and Melbourne were issued long-term licences by the Australian Broadcasting Authority, and a licensing process was under way in Adelaide. These long-term licences add to existing licences issued for Sydney and Perth.

Radio services are also available throughout Australia, with terrestrial transmissions supplemented by satellite coverage for remote areas. A new commercial FM licence was allocated in Melbourne during the year, completing a significant expansion of commercial radio licences throughout Australia. The number of licensed community radio services increased from 341 to 359 in 2004–05.

The Department administers a number of programs designed to improve access to broadcasting services. The Television Black Spots program, which was concluded on 30 June 2005, fixed 237 black spots and arrangements have been made to fund the remaining five projects. They are due to be completed in 2005–06.

By 30 June 2005, solutions had been implemented for three black spots under the Television Black Spots—Alternative Technical Solutions program. Funding had been approved for a further three projects,

due to be completed in 2005–06, including solutions for areas around Port Stephens and the Gold Coast.

In 2004–05, financial assistance was provided under the Commercial Radio Black Spots program to extend or improve commercial radio coverage to 25 communities, bringing to 129 the total number of communities who have benefited from the program.

SBS Independent is a production company through which SBS Television commissions independent productions. During 2004–05, the Department reviewed SBS Independent in consultation with the ABC and the Department of Finance and Administration.

Based on the findings of the review, the Government announced in the 2005–06 Budget that it would continue to fund SBS Independent for four years from 2006–07, at a cost of $37.6 million.

The Government also provided SBS with additional funding of $4.7 million in 2005–06 to assist with the increasing costs of acquiring broadcasting rights to major sporting events.

Work on ABC and SBS funding will be priorities for the Department in 2005–06. In 2004–05 the Department began work to engage a consultant to review the adequacy and efficiency of ABC funding. This will implement a 2004 Government

election commitment and be the basis for the ABC triennial funding review. The Department also started work in 2004–05 on the triennial funding review for SBS.

To help implement its election commitments, the Government made 2004–05 additional estimates funding available to the Community Broadcasting Foundation. $1.5 million a year has been provided to assist with transmission infrastructure and operational costs, and $2.2 million over four years is to be provided to establish a training fund. These initiatives will give valuable assistance to an important part of the broadcasting sector.

A vibrant Indigenous broadcasting sector provides radio services in metropolitan, regional and remote areas. Twenty-one capital city and regional centre radio broadcasters were operating in 2004–05. At least 80 communities were receiving remote Indigenous broadcasting services provided under community broadcasting licences, and many more remote communities received other broadcasting services. Seven remote Indigenous media organisations supported training, equipment maintenance, content production and networking arrangements for these remote services.

On 1 July 2004, the Department gained responsibility for administrating the Indigenous Broadcasting program, which supports the operation of Indigenous broadcasters and their peak representative bodies. The program is a major support for Imparja Television, Australia's only Indigenous-controlled commercial television licensee.

The program is currently being reviewed to provide better support for Indigenous broadcasting needs. It is expected there will be consultation in 2005–06 about any proposed changes.

Development of an information and communications technology (ICT) sector, having regard to the importance of an innovative ICT sector in delivering broader economic and social outcomes

With nearly $50 billion in annual revenue, the Australian information and communications technology sector is a substantial industry in its own right. It enables innovation across the economy and is a major contributor to national productivity growth. Building a sustainable and internationally competitive capability in information and communications technology will help achieve outcomes in areas important to the nation such as the environment, health, education, national security and water management.

Direct Australian exports during 2004 totalled $4.2 billion, evenly split between

goods and services, with the key services sector having grown over the last decade. At least 355 000 people are employed as IT professionals, 55 per cent of them in non-ICT companies. A study commissioned by the Department found that about 80 per cent of information and communications technology production by small and medium enterprises occurs outside the traditional information and communications technology industry, demonstrating that ICT is reaching into other sectors throughout the economy.

The Department is supporting the development of the information and communications technology sector through a range of activities. These include establishing and implementing strategic policy frameworks, contributing to the Government's Backing Australia's Ability science and innovation package, and developing and implementing measures to support small and medium enterprises in the sector.

An ICT Advisory Board was established in May 2005 to provide an independent source of strategic advice on key issues likely to affect the sector's development. The panel's first task is to identify priorities so that industry and research can give clearer focus to its work and ensure that Australia's research and commercialisation efforts are aligned with international opportunities.

The pervasiveness of information and communications technology products and services throughout the economy means that ICT skills are no longer a narrow sectoral concern. An information and communications technology skills foresighting exercise began in late 2004 to review which ICT skills are in demand and investigate options for meeting future demands.

As part of its work on improving the ICT skills base in Australia, the Department

The ICT Initiatives Section meet to discuss the partICipaTion summit: back row l to r, Anne-Marie Villiers, Rachael Corby, Don Scavone, front row Charlotte Ahearne and Chris Willcox

commenced planning for a major summit in September 2005 to consider and address barriers preventing women and others from participating in ICT-related professions. The 'partICipaTion summit' is being guided by an advisory group of eminent industry professionals, academics and educators. A key finding from work done in the lead-up to the summit is that increasing participation rates by both women and men in information and communications technology professions is a major business imperative for the long-term viability and competitiveness of Australian business as a whole.

The Department continued to support activities that enhance the underlying innovation infrastructure supporting the development of information and communications technology capabilities, particularly through initiatives under Backing Australia's Ability:

- managing Australia's participation in the Korea–Australia–New Zealand Broadband Summit in Seoul, Republic of Korea, in June 2005. The summit was attended by Senator Coonan and her Korean counterpart, together with senior official representation from New Zealand and industry representatives from all three countries (including one of the largest-ever ICT industry delegations out of Australia led by a minister);

- continuing to participate in the Australian Research and Education Network Advisory Committee, which develops and reviews strategic directions and plans for the development of the network's infrastructure, and monitors the program's implementation and strategic outcomes;

- implementing the extension of the Advanced Networks Program from 2004–05 to 2006–07 under Backing Australia's Ability; and

- administering National ICT Australia's obligations under the Backing Australia's Ability ICT Centre of Excellence program. National ICT Australia has quickly established a critical mass of research, and is increasing its strategic research focus and linkages to other research activities.

The Department also continued initiatives directed at building competitiveness in small and medium enterprises by:

- helping to enhance market access for local ICT small and medium enterprises to key domestic and international markets;

- working with Austrade on the delivery of three projects to assist Australian ICT firms to take advantage of the opportunities created by the free trade agreements with the United States, Singapore and Thailand. These included developing resource material on intellectual property and doing business in the United

States, and holding seminars on new information and communications technology export opportunities in those markets;

- arranging, in conjunction with the Australian Information Industry Association (AIIA), a seminar in October 2004 on selling to government, targeting small and medium enterprises;

- releasing the publication *Selling ICT to government—a guide for SMEs*, aimed at making small and medium enterprises aware of Australian Government programs that support the information and communications technology sector;

- commissioning research to determine the level of small and medium enterprise participation in Australian Government information and communications technology contracts. Eleven Government

agencies, representing about 80 per cent of annual Government ICT procurement, were surveyed for the report for the years 2001–02 and 2002–03. In 2001–02, 28 per cent ($526 million) of ICT procurement was gazetted to small and medium enterprises, rising to 30 per cent ($556 million) in 2002–03; and

- supporting, for the third consecutive year, the Secrets of ICT Innovation competition, where Australia's leading innovative companies have the opportunity to promote their innovations to domestic and overseas markets.

The Department also continued to administer the Backing Australia's Ability ICT Incubators program for eight ICT incubators across Australia. The incubators provide seed capital and business support services to innovative information and communications technology start-up companies.

Pictured at the Korea–Australia–New Zealand Broadband Summit in Seoul, June 2005: l to r Mr Colin Heseltine, Australian Ambassador to the Republic of Korea, Senator the Hon Helen Coonan, The Hon Dr Daeje Chin, Korean Minister of Information and Communication, and senior officials from the Korean Ministry of Information and Communication

Production of copyright content encouraged, and reasonable access to research and cultural materials promoted

The reporting period was again dominated by the extensive copyright reforms resulting from the Australia–United States Free Trade Agreement, culminating in the passage of the *Copyright Legislation Amendment Act 2004* and the gazettal of amendments to the Copyright Regulations 1969 in December 2004.

Early in the reporting period, the Department, in cooperation with the Attorney-General's Department, engaged in designing and drafting the copyright components of the *US Free Trade Agreement Implementation Act 2004*, which implemented the bulk of Australia's intellectual property obligations resulting from the agreement. These include an extension of the copyright term by 20 years, a new scheme to limit the liability of Internet service providers for copyright infringements, and new provisions in relation to subscription broadcast piracy, rights management information, performers' rights and enforcement.

In November 2004, the Department attended the World Intellectual Property Organization Standing Committee on Copyright and Related Rights to participate in discussions aimed at preparing the way for a diplomatic conference to resolve a new copyright treaty for broadcasting organisations.

Following the November 2004 federal election, ministerial responsibilities for copyright were streamlined, with the result that responsibility for copyright policy now rests solely with the Attorney-General. Consistent with this change in portfolio responsibilities, the Commonwealth Copyright Administration function was transferred to the Attorney-General's Department in March 2005. Prior to the transfer of the function, the Commonwealth Copyright Administration continued to receive and process copyright permissions and licences in accordance with its function to promote reasonable access to Commonwealth copyright materials.

The Department retains a strong interest in intellectual property matters, reflecting the importance of intellectual property in the range of portfolio cultural, communications and information economy interests. Over the reporting period, the Department has contributed to Government initiatives to provide film directors with new rights, and to Government reviews on subscription broadcast piracy, licence fees for sound recordings and copyright exceptions, including the possible introduction of a 'fair use' exception.

SECTION 2

Transformation of the Australian economy into an information economy leading to enhanced efficiency and productivity

The term information economy describes the transformation of economic and social activities through the application of information and communications technology. An information economy is one where information, knowledge and education are major inputs to business, social and community activities.

The Department is playing a role in this transformation by:

- developing the Government's Strategic Framework for the Information Economy;
- encouraging the business use of information and communications technology, particularly e-business;
- addressing impediments to the take-up of information and communications technology;
- monitoring and evaluating the impact of information and communications technology on economic performance at both the firm and aggregate level; and
- examining the social and community uses and impacts of information and communications technology.

Australia's strategic framework for the information economy 2004–06: opportunities and challenges for the information age was released by the Government in July 2004. It is a framework which provides a policy platform to address the challenges of maintaining Australia's position as a leading information economy.

The Department has undertaken leading-edge macro-economic work on the impact information and communications technology has on productivity growth. The work strongly suggests that traditional measures of productivity have understated both the importance of information and communications technology to our economic wellbeing and its impact on our productivity growth.

In 2004–05, the Department managed some innovative collaborative e-business projects, funded under the Information Technology Online program. This is a competitive funding program encouraging businesses, especially small and medium enterprises, to adopt e-business solutions.

The Department continued to work with Standards Australia and e-business practitioners on the development of national and international e-business standards. The objective is to promote interoperability across supply chains, with the potential to generate efficiencies and savings.

It is critical to build trust in online information and services so that Australians can realise the full benefits of the information economy. The Department has been active in researching trust in consumer transactions. This included developing online trust indicators that can be added to existing public and private surveys on Internet use; monitoring and analysing online activity, particularly transaction-based activities by Australians, as part of reporting on the growth of online activities; and developing focus group studies so online trust can be looked at from the consumer's perspective.

This work is complemented by the Department's work with regard to critical infrastructure protection and e-security policy.

The Department continues to maintain a key statistical focus on information economy monitoring work, producing the *Current state of play*, *Information economy index* and *Pocket statistics* publications.

The term e-research describes the impact that recent developments in information and communications technologies is having on the conduct of all forms of research. The term has particular application in describing large-scale projects involving very high levels of bandwidth capacity, computational power and data storage. In 2004–05 Senator Coonan, together with the Minister for Education, Science and Training, announced the formation of the e-Research Coordinating Committee. The committee will capitalise on the potential of e-research and the more than $1 billion committed by the Government to improve research infrastructure.

The Department chairs the National Broadband Strategy Implementation Group, a forum for strategic collaboration between national, state and local governments to deliver the National Broadband Strategy.

The group has a collaborative approach, sharing information to ensure that strategies that are successful in one jurisdiction are identified for possible application more broadly. Work done by the education sector adviser has already achieved cross-jurisdictional improvement on broadband provision in the education sector.

Projects under the Coordinated Communications Infrastructure Fund have continued to attract strong support from project partners. Commitments from those partners are about double the Commonwealth investment. These projects are now delivering benefits for communities through improved access to high-quality communications services and related benefits.

SECTION 2

Administered items

Australia Post— Australia's response to foot-and-mouth disease and other quarantine risks

Compliance with screening standard

In 2001, the Australian Government decided that 100 per cent of inbound mail would be screened for sources of contamination by exotic animal diseases, particularly foot-and-mouth disease. Australia Post was given $49.4 million over four years for major infrastructure changes in Sydney and Melbourne, minor capital improvements in Brisbane, Adelaide, Perth and Darwin, and the cost of employing more staff to open and close mail.

The Department's role has been to administer the allocation of funds to Australia Post in accordance with the grant deed. One hundred per cent screening has been achieved despite delays in the construction of new buildings to house the necessary screening equipment. A new building in Melbourne is due for completion in October 2005 and a new building in Sydney is due to be completed in March 2006.

Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC)

Improved and sustained take-up and use of telephone services in remote Indigenous communities

The community phones program improves access to basic telecommunication services for people living in remote Indigenous communities. The program enables new types of telecommunications services and products to be installed. Several innovative solutions to the telecommunications needs of the communities are under trial.

The program has two elements, the community phones subsidy scheme and the community phones demonstration program. The subsidy scheme subsidises connection, capital and other costs of access to telephone services in remote communities. The scheme is also facilitating improved billing and payment arrangements to address ongoing access and credit management issues that have acted as a barrier for Indigenous communities. Innovative products and

systems that are likely to improve access to community telephone services are also demonstrated.

One project under the community phones subsidy scheme is the community phones trial. It has five initiatives.

- Community phones
- Telstra 'Country Calling Line' and the Country Calling Cards
- CDMA Wireless Local Loop (WLL) infrastructure
- Robust phones
- Regional agents

A community phone is a shared telephone service with a normal telephone handset (it can be in robust phone casing when requested by a community) in a location with 24-hour access. Under the community phones trial in 2004–05, 24 community phones were installed, assisting 14 remote Indigenous communities.

The Country Calling Line is a trial prepaid residential telephone service made available when the customer opts to have the phone access charge (rental) debited from Centrelink payments, either monthly or fortnightly. The Country Calling Card is a new product that will allow people in remote Indigenous communities to make prepaid telephone calls from any fixed line. The cards will operate from an account number printed on the back. Cards will be available in low denominations and can be topped up.

CDMA wireless local loop infrastructure was constructed in Cape Leveque and Bardi in the Dampier Peninsula region of Western Australia to test how alternative technologies can deliver fixed and mobile services to remote Indigenous communities more cost-effectively.

The robust phone casing, which has been developed jointly by Telstra and the Centre for Appropriate Technology, is a weather-resistant steel casing placed over a standard telephone to overcome extreme weather conditions such as storms and dust and to resist breakages. It is a card-only device using pre-paid cards. The robust phone casing was installed in 44 remote Indigenous communities in 2004–05.

Pitjantjatjara Yankunytjatjara Media Organisation (PY Media) was engaged as regional agent to liaise with remote Indigenous communities to assist in the application and siting of services under the community phones trial. Regional agents are Indigenous organisations experienced in liaison between communities, government agencies and service suppliers. The agents have been operating in the Broome and Kununurra regions of Western Australia, the Alice Springs, Apatula and Tennant Creek regions of the Northern Territory, and the Tiwi Islands.

SECTION 2

Case study

The Indigenous Telecommunications Forum

The Indigenous Telecommunications Forum in Alice Springs on 17 and 18 May brought together representatives from Indigenous communities and all tiers of government, industry stakeholders, telecommunications service providers, academics and journalists.

The forum had several highlights. There were interactive workshops where delegates could discuss and debate issues and future policy directions from the differing perspectives of providers and users.

Delegates could road-test the latest equipment, such as the robust community phone, designed to withstand harsh weather conditions. They tried out the Country Calling Card, which is a prepaid phone option, and investigated a language translation and animation project called MARVIN (messaging architecture for the retrieval of versatile information and news).

The Minister for Communications, Information Technology and the Arts, Senator the Hon Helen Coonan, opened the forum. In her address, Senator Coonan outlined the whole-of-government approach under which ministers and departments work together across portfolio boundaries to achieve an integrated and appropriate response to the needs of remote Indigenous communities.

Senator Coonan also announced the commencement of the community phones program, which is trialling up to 240 community phones in 132 remote Indigenous communities. A community phone, unlike a payphone, can have its number listed in directories, receive incoming calls and send outgoing calls using the prepaid Country Calling Card. The Australian Government is subsidising the connection and other access costs of the phones.

Feedback on the forum was good. One delegate, Mr Peter Radoll, is an associate lecturer at the Australian National University and a PhD candidate examining the adoption and effective use of ICTs in Australian Aboriginal communities.

'The forum was hugely useful,' Mr Radoll said. 'The delegates discussed grassroots issues with service providers and DCITA. They could compare what other communities were up to with their telecommunications infrastructure and services.'

The robust community phone comprises a standard community phone placed within a weather-resistant steel casing

Under the community phones demonstration project, PY Media was engaged to train 20 remote Indigenous communities in how to use and maintain community phones and to develop training materials including posters and a manual.

Improved take-up and effective use of Internet services by remote Indigenous communities

Since it began in 2003, the $710 000 TAPRIC Internet Access Program has enabled 170 remote communities to install public access, broadband-enabled Internet services. The program subsidises the cost of equipment and provides initial support and training. Of the 170 communities, 41 were enabled in 2004–05.

Under the Indigenous Communities Online Program, the Department approved 13 grants, totalling $325 340, for the development of a range of online content such as websites for local community use and art sales, and content that will improve access to health and justice information. The projects demonstrated creative, appropriate and innovative use of information technology.

Multilocus was contracted by the Department to undertake a multimedia languages resource project by developing a series of language education CD-ROMs for remote Indigenous communities. The project concluded in 2004–05.

The Department received eight language education CD-ROMs and four teacher's aide manuals, which were sent to the National Library of Australia and the libraries at the Australian Institute of Aboriginal and Torres Strait Islander Studies and the Department of Family and Community Services.

Improved information flow, including increasing awareness in remote Indigenous communities of telecommunications opportunities and rights

The Department convened the National Indigenous Telecommunications Forum on 17–18 May 2005 in Alice Springs to demonstrate innovative telecommunications products to more than 150 delegates. Indigenous telecommunications projects were presented at the forum as poster sessions, providing information to Indigenous communities on topics such as 'priority assistance phone service', 'your right to a reliable phone service', 'how to manage your phone bill', and high-speed Internet.

The Department distributed media releases to announce the successful applicants for the Indigenous Communities Online Program and the Internet Access Program.

National Relay Service

Access to the service by target audience

The National Relay Service is a telephone relay service that Australians who are deaf or have a hearing and/or speech impairment can use to communicate with anyone who uses a standard telephone, and vice versa.

The service also provides a text-based emergency relay service and a community outreach program to raise awareness. The service is funded by a levy on eligible telecommunications carriers and is provided by the Australian Communication Exchange Ltd under a contract administered by the Department. Call data since 1998–99 is set out in figure 2.31.

Figure 2.31 National Relay Service call data since 1998–99
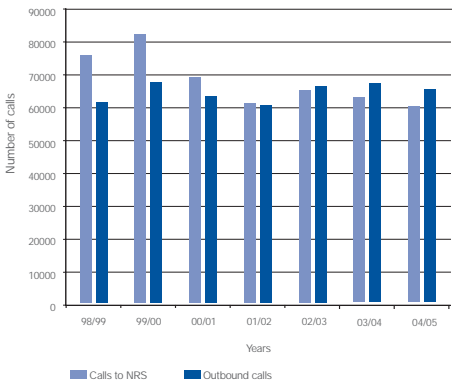
The 2004–05 figures are an estimate and are based on data from the first three quarters.

Source: ACMA Telecommunications Performance Reports

Universal Service Levy

Timely payments to universal service provider

The universal service obligation and special digital data service obligation are legislated safeguards under the *Telecommunications (Consumer Protection and Service Standards) Act 1999*. The universal service obligation ensures that a standard telephone service and payphones are reasonably accessible to all Australians wherever they live or do business. The special digital data service obligation ensures that a one-way satellite data service, equivalent to 64 kilobits per second (kbps) integrated services digital network (ISDN) service, is reasonably accessible to those people unable to access an ISDN service.

All telecommunications carriers contribute to the funding of the universal service obligation and the special digital data service obligation services by way of the Universal Service Levy in proportion to each carrier's relative market share. The Department facilitated the timely payment of levy amounts received from carriers to universal service obligation and special digital data service obligation providers in July, December and June of 2004–05.

From 1 July 2005, the Australian Communications and Media Authority will administer the Universal Service Levy payments.

Telstra Social Bonus— Building Additional Rural Networks program

The Building Additional Rural Networks program was extended through 2004–05 to enable several of the projects to conclude successfully after unexpected delays.

The program was established in June 1999 to support the development of new networks, network services and products with an emphasis on the adoption of innovative solutions, and leading-edge technologies. The goals included the introduction of high-speed regional networks and strong participation of new telecommunications carriers and service providers. Of the $67.3 million allocated over five years, $35 million was incorporated into funding for the National Broadband Strategy in 2003. A total of 44 projects were funded in part or in full by the Building Additional Rural Networks program, taking up $31.2 million of the allocation.

Improved access to telecommunication services

Eleven broadband infrastructure networks have been established and enhanced with Building Additional Rural Networks funding. The funding has enabled earlier introduction and development of new technologies and architectures including wireless, cable, satellite and ISDN.

Services improved in rural and remote areas include public Internet access, videoconferencing, telephony for Indigenous communities, satellite mobile telephony for remote areas, and terrestrial mobile telephone services.

Telstra Social Bonus— Local Government Fund

Improved access to local government services

The Local Government Fund has continued to assist local government authorities in regional and rural areas to improve services to their communities through advanced telecommunications technologies. A total of $43.3 million has been provided to 42 projects across the life of the program. The Department has worked on the program with the Australian Local Government Association and state and territory local government authorities.

Achievements under the Local Government Fund have been impressive. By June 2005, for example, under the Linking Councils and Communities project, 85 per cent of local governments in Western Australia had an established website. These websites improved access to online local government services to

approximately 41 per cent of the regional population in the state.

Similarly, in South Australia, projects under the Local Government Fund have provided a suite of online local government services to almost half of those living in regional and rural areas. The Local Government Association of South Australia has identified savings of around $2 million for councils involved in these projects.

Telecommunications Service Inquiry response—regional mobile phone initiatives

The Telecommunications Service Inquiry was established on 9 March 2000 to assess the adequacy of telecommunications services in Australia. The following administered items are a response to the inquiry's recommendation.

Improved access to telecommunications services

The Satellite Phone Subsidy Scheme aims to make mobile phone communications more affordable for people living or working in areas where terrestrial mobile phone coverage is not available. Initial funding of $3.9 million was provided as an outcome of the Telecommunications

Service Inquiry. Funding for the scheme was increased as a result of the Regional Telecommunications Inquiry process and the scheme has been carried forward as part of the Regional Telecommunications Inquiry response (see page 123).

Increased terrestrial mobile phone coverage

Through the $23 million Towns over 500 program, the Australian Government is subsidising the extension of terrestrial mobile phone coverage to 131 regional towns with 500 or more residents.

By 30 June 2004, coverage had been provided to 111 towns. While Telstra has experienced delays in gaining planning approvals for new infrastructure in some of the remaining towns, infrastructure installations were completed during 2004–05 in a further 15 towns with a total population of 21 200. This brought the total which had received new or enhanced coverage to 126 towns by 30 June 2005.

Two further sites were in construction at year end, and the remaining three were waiting final development approval.

Through the $18.8 million Towns under 500 program, the Australian Government is subsidising the extension of terrestrial mobile phone coverage to 55 regional towns with fewer than 500 residents.

By 30 June 2004, coverage had been provided to 48 towns. In 2004–05, the

final seven sites covering a population of 3245 were commissioned, completing the rollout of new services required under the agreement.

With the completion of these programs, terrestrial mobile phone coverage will be available to 98 per cent of the Australian population and 20 per cent of the Australian landmass.

Improved mobile phone coverage along regional highways

Through the $19.1 million Selected Regional Highways initiative, the Government is subsidising the extension of mobile phone coverage to 62 lengths along 34 regional highways.

To 30 June 2004, 50 lengths had been completed. In 2004–05, the final 12 lengths were commissioned, completing the rollout of new services required under the agreement.

In 2003–04, a total of 1911 km of new or enhanced highway coverage was provided, while a further 865 km of highway coverage was provided in 2004–05. In total, 4116 km of new highway coverage has been provided up to 30 June 2005. This is substantially more than the 2621 km required under the agreement.

Telecommunications Service Inquiry response—Internet Assistance Program

The Internet Assistance Program began in July 2001 and was a joint initiative between the Australian Government and Telstra. The program provides an online help service and a technical support service, run by Telstra, to help Internet users achieve 19.2 kilobytes per second over Telstra's fixed-line network. Over the three-year life of the program the Government contributed $8.3 million.

Under a licence condition, Telstra is now solely responsible for delivering the program. The licence condition requires Telstra to provide a technical support service which does remote line testing and on-site inspections, keeps lines in good condition and finds network-based solutions for users whose problems cannot be resolved by the online help service.

The Internet Assistance Program licence condition means that Telstra has to offer customers a national online help service. It has a self-help website, an Internet service provider website and a freecall 1800 number. The online help service provides self-help solutions and resources for users, including advice so they can correctly configure their computer, modem or other equipment, and improve their dial-up Internet speed.

SECTION 2

Telecommunications Service Inquiry response—National Communications Fund

The National Communications Fund provided $50 million over three years from 2002–03 to support significant telecommunications projects in the education and health sectors in regional Australia. Eight projects were funded across all states and the Northern Territory. Six of the projects were completed in 2004–05 and two will extend into 2005–06. A mid-term review of the fund was completed during the year.

Improved access to telecommunications

The National Communication Fund is providing high-speed bandwidth to health and education institutions in regional areas and has flow-on benefits to local government, business and community groups. The improved access is delivering high-speed Internet for schools, specialist teachers and telehealth consultants through videoconferencing, along with access to online education and training.

By the end of 2004–05, projects provided improved telecommunications access to:

- more than 900 education institutions, mostly schools and many of them in remote communities, compared with 250 in 2003–04;

- more than 280 School of the Air students, compared with 200 in 2003–04; and

- nearly 240 health facilities, such as regional hospitals and community health centres, up from 50 in 2003–04.

Staff of the Telecommunications Consumer Policy Section, which is responsible for giving policy and program advice on telecommunications consumer issues: l to r Nikki Vajrabukka, Josh Davies, David Lever (Manager), Toni Ahkin, Iain Hilliard

Improvements in telecommunication infrastructure

New broadband technologies installed in towns covered by the National Communications Fund projects include asymmetric digital subscriber line (ADSL), business grade DSL (BDSL), government wide-band Internet protocol services and fibre optic local loop. Broadband satellite connections have been provided at a number of more remote sites. By the end of 2004–05, all of the projects had effectively been completed, and 469 regional towns had new or improved broadband infrastructure, compared with 89 towns at the end of 2003–04.

Telecommunications Service Inquiry response—consumer representation

Appropriate activities by consumer representatives

Under subsection 593(1) of the *Telecommunications Act 1997*, the Minister may make grants to assist the representation of consumer's interests in telecommunications issues. Among other things, grants are intended to support consumer representation in the development of industry codes and standards.

During 2004–05, $700 000 was made available to consumer bodies under the consumer representation grants program.

More than $70 000 was provided in sitting fees to 26 consumer representatives on the Australian Communications Industry Forum Consumer Advisory Council and the Disability Advisory Board. Advice from the Australian Communications Industry Forum indicated that people who received sitting fees attended 90 per cent of committee or board meetings.

People who received grants in 2004–05 reported that the funding had assisted their participation in more than 288 meetings, including meetings of the Consumer Advisory Council and the Disability Advisory Board, other working groups, and more than 30 conferences or other forums. It helped with the preparation of 20 discussion papers or submissions, and the publication of at least 33 journal articles or newsletters.

In addition, three conferences were held to increase consumers' awareness of their rights and the telecommunications services available, as well as obtaining consumers' views on telecommunications issues.

SECTION 2

Telecommunications Service Inquiry response— telecommunications research

Research published

Under subsection 593(2) of the *Telecommunications Act 1997*, the Minister may make grants to persons or bodies for purposes of research into the social, economic, environmental or technological implications of developments relating to telecommunications.

In 2004–05, three organisations entered into agreements with the Department for grants totalling $135 000 under the Telecommunications Research Program. The University of Canberra was funded to carry out research into patterns of phone and Internet services in remote Indigenous communities, DandoloPartners Pty Ltd received funding to undertake research into the issues that regional Australians face with their use of broadband and broadband applications, and Novita Children's Services Inc was funded to undertake research into a prototype mobile phone interface system to allow severely disabled children and adults to independently use a mobile phone. It is anticipated that the three research reports will be made public in early 2006.

Staff from the Telephone Policy Section, responsible for issues relating to fixed telephone service provision, service standards and consumer safeguards, the universal service obligation and the Government's response to the Regional Telecommunications Inquiry: l to r Eleanor Brooker, Liz Press (Acting Manager), Corey Hawke

Regional Telecommunications Inquiry response— Australian Communications and Media Authority regional monitoring and reporting framework

The Australian Communications Authority (now part of the Australian Communications and Media Authority) has introduced new measures into its reporting and monitoring framework. They focus on telecommunications services in regional, rural and remote Australia, covering:

- geographic availability and take-up of fixed voice, mobile, data, pay TV and payphone services, including services available in remote Indigenous communities; and

- regional performance of fixed voice, mobile and data networks, including a network congestion measure.

The new measures are underpinned by draft record-keeping rules for industry. Data collected under the new measures will be included in the authority's *Telecommunications performance report 2004–05.*

Regional Telecommunications Inquiry Response— Higher Bandwidth Incentive Scheme

Increased broadband take-up in rural and remote areas

The Higher Bandwidth Incentive Scheme (HiBIS) continues to prove successful in encouraging the provision of metro-comparable broadband access across regional Australia. The scheme allows for an incentive to be paid to Internet service providers registered with the scheme for each eligible customer supplied with a HiBIS-compliant broadband service.

As at 30 June 2005, the scheme had supported the connection of 34 337 eligible customers to HiBIS services Australia-wide, and customer numbers are increasing steadily. At the same date, there were 33 HiBIS-registered retail

Figure 2.32 Technology split—HiBIS customers

SECTION 2
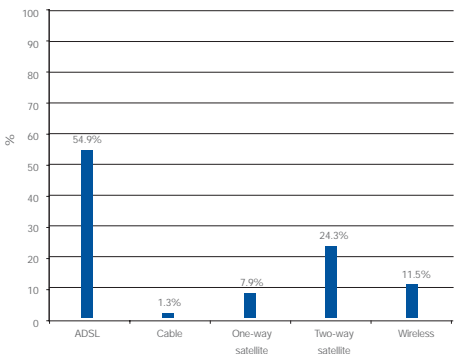
service providers, plus two 'wholesale only' providers supplying broadband to regional Australia. The Department is continuing to process several more applications from Internet service providers for registration as HiBIS providers.

The scheme is designed to be technology neutral, and registered providers use a variety of technologies. As shown in figure 2.32, at 30 June 2005, 54.9 per cent of HiBIS customers were connected by ASDL, 32.3 per cent used satellite (24.3 per cent using two-way satellite and 7.9 per cent using one-way satellite), 11.5 per cent used wireless and the remaining 1.3 per cent of customers used cable.

Regional Telecommunications Inquiry response—extending mobile phone coverage

Increased terrestrial mobile phone coverage

In April 2004, there was a restricted tender to select a carrier to provide new and improved mobile phone coverage in regional, rural and remote Australia.

Telstra was selected and signed a $15.6 million funding agreement with the Australian Government in August 2004. Under the agreement, Telstra is required to provide new or improved mobile phone coverage to 62 locations in regional Australia. Telstra is required to complete the rollout by 30 November 2006.

At 30 June 2005, 12 locations had been completed providing new or improved CDMA coverage to an estimated 3000 people. These locations provided approximately 9000 square kilometres of coverage.

Regional Telecommunications Inquiry response— Satellite Phone Subsidy Scheme

Improved access to telecommunication services

The Satellite Phone Subsidy Scheme was established as an outcome of the Telecommunications Services Inquiry. It was extended for a further three years following the Regional Telecommunications Inquiry. This extension was accompanied by an increase of $3 million over three years in administered funding for the scheme.

The scheme now covers maritime and aviation users as well as terrestrial users. Under the new arrangements, the maximum amount of subsidy has been increased from $1100 to $1500, depending on the monthly access plan selected.

During the year, demand for the subsidy reached record levels. A total of 3399 applications were approved in the 2004–05 financial year, almost double the level in 2003–04 when 1788 applications were approved. Expenditure during the year was $2.91 million compared to $1.27 million in 2003–04.

The high level of demand for the subsidy necessitated the rephasing of $500 000 of the 2005–06 allocation to 2004–05.

Regional Telecommunications Inquiry—Coordinated Communications Infrastructure Fund

The Coordinated Communications Infrastructure Fund aims to encourage further investment in broadband infrastructure in regional areas. Projects are funded to bring high-speed bandwidth to health and education institutions, business, local government, Indigenous and community groups in regional and rural areas.

This infrastructure helps improve health, education and government services and contributes to significant economic and social outcomes.

Seven preferred applicants were announced on 20 April 2004 for the first round of the Coordinated Communications Infrastructure Fund. A further six preferred applicants were announced on 6 April 2005 for the second round, bringing the total number of funded infrastructure projects across regional Australia to 13. About 92 communities will benefit from round 1 of the program.

The program guidelines require that funding provided from the Coordinated Communications Infrastructure Fund (CCIF) must at least be matched by funds from the project partners. Actual funding allocated to infrastructure projects under the first funding round was more than matched by project partners as shown in figure 2.33. Round 1 projects announced in 2003–04 are now well under way and grant payments of $5 million for the fund were made in 2004–05.

The Loddon Mallee Connect project, completed during 2004–05, has provided 33 communities in Victoria with access to a business grade digital subscriber line service that will enable health service providers to improve their clinical and administrative services. It will also allow businesses and residents in the region to transfer large files and link easily to online government services.

Figure 2.33 Coordinated Communications Infrastructure Fund funding

CCIF	Commonwealth funding	Other funding	Total value
Round 1	$13.8 million	$25.2 million	$39 million

Case study

HiBIS gets broadband 'into the hills' in Tasmania

In 2004–05 the Higher Bandwidth Incentive Scheme (HiBIS) connected more than 34 000 customers to broadband. And the number of Australians living in regional and remote areas being helped by the scheme is growing steadily.

Dennis and Eleanor O'Donnell and their children live in the town of Nicholls Rivulet, south-west of Hobart in Tasmania. The topography of their area, and their distance from the nearest telephone exchange, meant that two-way satellite was the only viable option to get broadband.

Access to broadband through a HiBIS connection has dramatically improved their lifestyle. Dennis and Eleanor are university students, so they have found their satellite service invaluable. They use the broadband connection frequently to visit library sites, download lecture notes, and do research from home.

'It used to take more than seven hours to download a file, whereas the same size file now takes about eight minutes to download. Our two-way satellite service has taken us from an average download speed of two kilobytes a second to 260 kilobytes a second,' Dennis said.

The O'Donnell children say they too are happy with the fast and reliable service, especially when they have large files to download.

Briefing Australians about the benefits of broadband

The Department held a series of broadband briefings around Australia throughout the year. People living in regional Australia were told about the Higher Bandwidth Incentive Scheme and other relevant initiatives.

Thirty-four briefings were held in regional towns in every state and territory. In addition, the Minister, Senator the Hon Helen Coonan, conducted a number of communications forums following the broadband briefing sessions.

The events meant locals could hear about what broadband can do for communities and to learn how they could benefit from the programs under the National Broadband Strategy.

At a broadband briefing session in Launceston, pictured from l to r: Senator Guy Barnett; Craig Cooper, Launceston Online Access Centre; Pat Bennett, Dorset eCentre Inc; Senator Helen Coonan; Mark Needham, National Farmers' Federation; Michael Ferguson MP, federal Member for Bass

The District Council of the Yorke Peninsula project, undertaken during the reporting period, improved the community's access to data, voice and video capabilities within a 10-kilometre wireless local loop around the towns of Maitland, Minlaton, Yorketown and Warooka in South Australia.

Tenders were called in mid-June 2005 for the collection of data about the social and economic impact of broadband in selected rural and regional areas. The Department will use the data from this research and other sources to document case studies for the program.

Regional Telecommunications Inquiry—Demand Aggregation Brokers

The Demand Aggregation Brokers program involves a network of national, state and territory, and community brokers in demand aggregation initiatives for new broadband infrastructure and services. The program has committed $5.6 million to 24 projects. The 13 round 1 projects announced in the 2003–04 financial year are now well underway and grant payments of $2.5 million were made during 2004–05.

The program includes three core elements:

- national brokers working on multi-jurisdictional broadband initiatives in targeted areas such as health and education sectors;

- state and territory based brokers, who work with governments and communities to develop demand aggregation projects, both across sectors and within particular geographic areas; and

- community brokers, who work with communities to develop and implement specific broadband demand aggregation projects.

National broadband advisers have been funded jointly by this Department, the Department of Education, Science and Training and the Department of Health and Ageing.

Peter Nissen was appointed national broadband adviser for education in March 2004, and John Youngman was appointed as a national broadband advisor for the health sector in December 2004.

The national broadband advisers have had some successes.

- South Australia, Tasmania and the Australian Capital Territory education departments are connected or are about to connect to AARNet's national and international backbone.

- A NSW Independent Schools Association collaborative project to meet the bandwidth needs of 100 independent schools is being considered nationally.

- A Vocational Education and Training Network demonstrator project is being developed so that a TAFE

in Armidale can gain access to a learning objects repository hosted by the Tasmanian TAFE in Hobart.

- The advisers are facilitating the engagement of health sector stakeholders in the discussion and planning of broadband initiatives.

State and territory broker funding agreements have been signed with the five mainland states and the Northern Territory.

Community-based brokers help community organisations to aggregate demand in their region, helping them negotiate with Internet service providers in their local area. To this end, brokers are encouraging HiBIS-registered service providers to deploy broadband infrastructure in regional areas.

About 105 communities have benefited from the first round of the Demand Aggregation Brokers Program. Thirteen preferred community-based broker projects were announced on 5 July 2004.

A further 11 preferred applicants were announced on 19 May 2005 under the second round of the program. This brought the number of community brokers to 24.

Tenders were called in mid-June for the collection of data about the social and economic impact of broadband in selected rural and regional areas. The Department will use the data from this research and other sources to document case studies for the program.

Regional Telecommunications Inquiry response—ICT training and technical support

Improved access to ICT training and technical support for people living in 'very remote' Australia

The IT Training and Technical Support program is intended to make basic ICT training and technical support more accessible to people and organisations in very remote areas of Australia. It is anticipated that around 15 000 people in approximately 500 communities will benefit from this program. A total of $8.8 million has been allocated to the program, which will be completed by 30 June 2007.

In 2004–05, $6.38 million was committed in the first round of funding and agreements were signed with seven organisations, in Queensland, South Australia, Western Australia, New South Wales and the Northern Territory. Applications for a second round of funding were called for during the reporting period and will be allocated in 2005–06 for communities north of Tennant Creek in the Northern Territory.

International organisations contributions

Appropriate issues raised at International Telecommunication Union and Asia–Pacific Telecommunity meetings

The Department has participated effectively in the activities of the International Telecommunication Union. The Australian Government is focused on supporting uniform international telecommunication standards and encouraging other countries to adopt open and modern policy frameworks and regulatory arrangements. Australia, through the Department, contributed more than $4.5 million to the International Telecommunication Union (ITU) in 2004–05.

Australia has been helping shape and develop the ITU's future priorities. In 2004–05 the Australian delegation achieved improvements to the financial operations and administration of the union. This included improvements to the working methods of the ITU telecommunication standards sector, put forward at the World Telecommunication Standardization Assembly in Brazil in October 2004.

The Department participated in standards development work for emerging Internet protocol-based networks. The work also highlighted important regulatory and policy issues for Australia to consider as these networks are rolled out.

In June 2005, the Government expended $500 000 to the International Telecommunication Union (ITU) to assist in establishing a tsunami early-warning system in the Indian Ocean. The project includes assessing the current telecommunications infrastructure of tsunami-affected countries and preparing infrastructure rehabilitation and disaster management plans.

The Department also represented Australia at the regional preparatory meeting for the World Telecommunication Development Conference in Vietnam in June 2005. Australian proposals for the development of telecommunications in the region were adopted for consideration at a conference in March 2006 in Qatar.

The Asia–Pacific Telecommunity is a regional communications development and cooperation organisation established by treaty. Australia, through the Department, paid $256 773 to the Asia–Pacific Telecommunity in 2004–05.

The Department has been actively involved in developing and supporting capacity-building projects that will, through good governance, improve access and security in the region and help provide affordable telecommunications services.

Television Black Spots and Television Black Spots—Alternative Technical Solutions

The Television Black Spots program improves access to analogue television services in areas where television reception is poor. The program sought to fix at least 200 black spots before completion on 30 June 2005. By that date, new services had commenced in 237 black spots. Facilities were awaiting completion at a further five locations and arrangements have been made so that final payments can be made for these facilities.

As well as establishing new services, the program funded the replacement of obsolete equipment at 182 existing self-help retransmission sites, 106 of which serve Indigenous communities.

The Television Black Spots—Alternative Technical Solutions program provides alternative solutions such as digital services or satellite reception to a small number of black spots that could not be assisted under the Television Black Spots program.

There are currently 21 alternative technical solution program candidates. A total of $2.84 million was approved for six black spot projects under these programs in 2004–05. As at 30 June 2005, a combined total of 249 projects had been

approved for funding. Of these projects, 241 had been completed within that time.

In 2004–05, new facilities commenced transmission (or alternative solutions were implemented) in 39 black spots, compared to 91 black spots in 2003–04.

Figure 2.34 has the number of television black spots fixed under both programs, listed by year and cumulatively.

Figure 2.34 Number of television black spots fixed
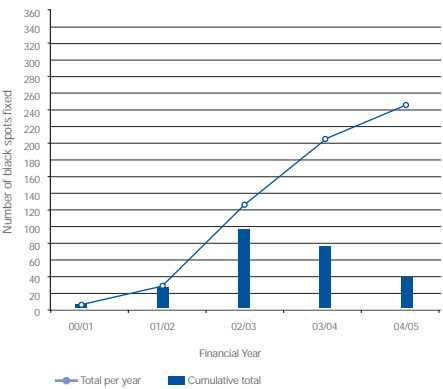
Television fund

In 2004–05, $7.3 million in total was provided to SBS, the Community Broadcasting Foundation and the ABC to improve access to national broadcaster and Indigenous television services in regional Australia.

SBS was funded to extend its analogue television service to 18 transmission areas with a population of 3000 people or more. The Community Broadcasting Foundation was funded to provide additional television

transmitters in about 150 places so viewers in remote Indigenous communities could watch both the ABC service and Imparja's Indigenous community television service broadcasts by satellite.

The ABC received funding to improve access to analogue television broadcasts for viewers in 12 regional areas of Victoria.

ABC and SBS Digital Interference Scheme

Timely payments to ABC and SBS under the digital interference scheme

The ABC and SBS digital interference scheme reimburses the costs the national broadcasters incur in contributing to the interference management strategy. The strategy helps consumers overcome any interference problems associated with the introduction of new free-to-air digital television services. Free TV Australia administers the strategy on behalf of all participating broadcasters, including the ABC and SBS.

The Department transfers funds to the national broadcasters when their strategy-related costs are confirmed. The Department transferred $50 957 in 2004–05.

The average period between receipt of invoices (or relevant supporting information) and payment approval was 12 days. This compared favourably to the 2003–04 equivalent average of 17 days.

National Transmission Network residual funding pool

Access to broadcasting services by specific target group audiences

The National Transmission Network residual funding pool was created as part of the network sale arrangements to ensure that Government commitments were met in relation to transmission arrangements for national, community and remote commercial broadcasters and Radio for the Print Handicapped.

These commitments have now been discharged or, where appropriate, funding agreements have been put in place to ensure they are met and provide ongoing access to broadcasting services. Five grants totalling $671 189 were paid in 2004–05.

Commercial Radio Black Spots Program

Removal of commercial radio black spots

The $5 million Commercial Radio Black Spots program commenced in 2002–03. It gave effect to a 2001 Government

commitment to provide assistance to commercial radio broadcasters so they could establish or improve services in areas that have not been commercially viable.

Funding rounds totalling $585 000 were announced in 2004–05 for 19 black spot projects in 25 communities in New South Wales, South Australia, Queensland and the Northern Territory.

By 30 June 2005, assistance totalling $3.493 million had been approved under the program for 127 projects (including two satellite uplinks) to serve 129 communities. The program is now closed to new projects, although funding has been extended into 2005–06 to allow outstanding eligible projects to be completed. Numbers of funded projects over the five program funding rounds are set out in figure 2.35.

Figure 2.35 Number of commercial radio black spots fixed
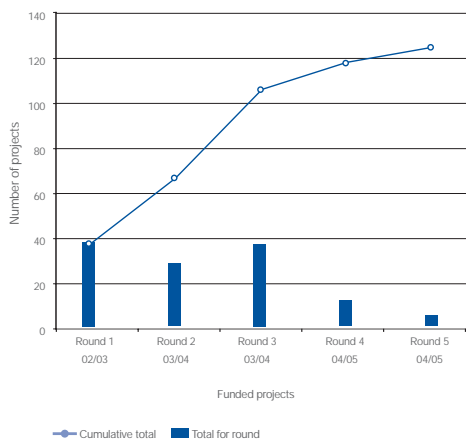
Regional Equalisation Plan

Assistance to regional and remote commercial television broadcasters for digital broadcasting

The Regional Equalisation Plan, announced by the Government in the 2000–01 Budget, provides more than $200 million to help regional and remote commercial broadcasters introduce digital terrestrial television services.

The plan meets half of each of the capital costs and eight years operating costs of the digital transmission of existing broadcasting services.

The plan primarily comprises licence fee rebates administered by the Australian Broadcasting Authority (from 1 July 2005 part of the Australian Communications and Media Authority). In 2004–05 these totalled $23.55 million.

In smaller markets, with less revenue and hence lower licence fees, the licence fee rebates are supplemented by cash grants administered by the Department. These enable licensees in these markets to achieve the level of annual Regional Equalisation Plan assistance agreed by the Government. In 2004–05, payment of grants totalling $300 000 helped licensees in smaller markets to establish digital transmission facilities.

A further $360 000 in cash grants was provided under the plan to Imparja Television, a commercial broadcaster which operates in remote, central and eastern Australia, to assist with significant equipment costs it is incurring in advance of its digital conversion.

Indigenous Broadcasting program

Access for Indigenous people to Indigenous-controlled broadcasting services

The Indigenous Broadcasting program supports Indigenous-controlled community radio services, including radio stations in five capital cities and 16 regional centres.

The program supports six remote Indigenous media organisations. They provide training, technical support and networking arrangements for broadcasting services in 80 remote communities.

The program also provides assistance to Imparja Television, Australia's only Indigenous-controlled commercial television service, for the transmission and related costs of its Indigenous television service and for the uplink of networked Indigenous radio programming.

In 2004–05, funding of $12.829 million under the program was paid to Indigenous-controlled broadcasting

services in 109 locations. The amount includes $7.867 million paid by the Department of Immigration and Multicultural and Indigenous Affairs before the function was transferred to this Department.

The number of services funded in each state is set out in figure 2.36 below.

Figure 2.36 Number of Indigenous broadcasting services funded (by state)
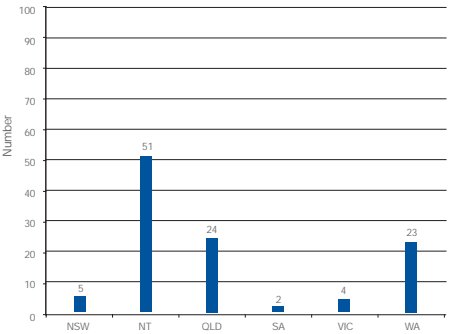
Community broadcasting training fund

Access to training by targeted groups

Funding of $2.2 million over four years was approved in the 2004–05 additional estimates process to establish a community broadcasting training fund. The Community Broadcasting Foundation was given $500 000 in May 2005 to establish the fund.

Case study

Researching audience reach in community radio broadcasting

The Department required up-to-date and accurate empirical data on community radio listeners and their habits, to help with policy formulation into the future. The Community Broadcasting Foundation was funded in 2003–04 to conduct a national audience research project on community radio to measure the size and profile of the national and regional community radio audiences.

The foundation established a working group for the project known as the audience research advisory committee. It includes representatives from the Community Broadcasting Association, Radio Print Handicapped Australia Cooperative Limited, the Department, and a representative of the Indigenous community broadcasting sector.

The Department's Communications Research Unit worked with the audience research advisory committee to provide the necessary research and technical expertise and to ensure that the project employed the proper methodology.

About 5000 people were interviewed, using computer-assisted telephone interviewing techniques, between 2 March and 31 May 2004. The report of the survey results was launched by the Minister, Senator the Hon Helen Coonan, in September 2004.

An expanding sector

The research findings show that community radio's listenership is extensive: 24 per cent of Australians aged 15 or over, or 3.7 million people, listen to community radio in a typical week. Four per cent of these people, or 685 000, listen exclusively to community radio.

The reasons given for listening to community radio were greater choice, 'localism', a different style of presentation, and support for Australian music.

The analogue radio spectrum planning process has allowed the community radio sector to expand rapidly over the past 15 years and many new licences have been issued to community broadcasting organisations.

The research findings indicate that this growth has been changing the character of the sector. Regional, rural and remote stations have become more common than metropolitan stations, and in a particular service area there are now more stations with a defined community of interest than stations aiming to reach diverse audiences.

The research is a significant tool and will be instrumental in sector planning. The report can be found *www.cbonline.org.au*<3Cmedia<listener survey<McNair fact sheets.

Senator Helen Coonan launching a report of audience research results at the Community Broadcasting Association of Australia in September 2004

The foundation established a training advisory group to advise on the implementation of a national training program and engaged a consultant to advise on how best to implement the program.

Community broadcasting transmission support

Access to broadcasting services by community broadcasting audiences

Funding of $1.5 million per year was provided through the 2004–05 additional estimates to assist community radio broadcasters with transmission costs. The first payment of $1.5 million was provided to the Community Broadcasting Foundation in May 2005. The foundation held a funding round for transmission support grants, and made 189 grants so that a wider audience can be reached by community broadcasting.

ICT Centre of Excellence program

The Department administers the funding deed for the ICT Centre of Excellence, National ICT Australia, in collaboration with the Australian Research Council. The centre will receive a total of $124.8 million from the two agencies from 2001–02 to 2005–06 under the first tranche of the Backing Australia's Ability measures.

National ICT Australia's mission is to undertake information and communications technology research at the highest international standard and scale. It will conduct research training through an enhanced PhD program, facilitate the commercialisation of research, and forge mutually beneficial linkages with private sector research organisations, major corporations, small and medium enterprises and public sector agencies.

Further funding of $249.4 million will be provided for the centre's operation from 2006–07 to 2010–11 as part of the second tranche of Backing Australia's Ability.

Quantity and quality of research output

The centre's research program commenced with 11 programs in 2003, based on the contributions of staff from the University of NSW and the Australian National University. By June 2005, there were 16 programs and a portfolio of 52 research projects at laboratories in Sydney (2), Canberra and Melbourne.

During 2004-05, an agreement was negotiated with the University of Queensland, Griffith University and the Queensland University of Technology to establish a laboratory in Brisbane.

As at 31 December 2004, after two full years of operation, National ICT Australia had published 87 research papers in peer-

SECTION 2

reviewed journals. A further 397 papers were presented at major international conferences related to the centre's main disciplines and published in related conference proceedings over the 2004 calendar year. During 2004, 98 international researchers visited National ICT Australia to collaborate on research.

Research training

At 30 December 2004, 132 students were endorsed under the National ICT Australia program, an increase of 95 over 2003.

Collaboration and commercialisation

National ICT Australia establishes links with business, major research organisations and universities in Australia and overseas.

It is establishing an outreach program to small and medium enterprises, has appointed two small and medium enterprise liaison officers, and has established collaborative research projects with the Defence Science and Technology Organisation (DSTO). In September 2004, it organised the second of the annual ICT research forums jointly with the Commonwealth Scientific and Industrial Research Organisation (CSIRO), DSTO and the Council of ICT Cooperative Research Centres.

During 2004-05, collaborative research and development projects have

been undertaken with IBM and ST Microelectronics (Germany), as well as universities in New Zealand, Germany, the Netherlands, Israel, the United Kingdom, the United States and Portugal, and research institutes in Germany, Japan, France and India.

As part of the implementation of National ICT Australia's IP policy, a program of IP and commercialisation training and awareness continued to be delivered in the second half of 2004 and a pilot commercialisation immersion training course for research staff was conducted in October 2004.

In 2004-05, National ICT Australia continued to develop external revenue sources through cash and in-kind support from a number of commercial partners and direct payment for services provided.

Advanced Networks Program

The Advanced Networks Program was established in 2000–01 as part of the $153.1 million Building on IT Strengths program, funded from the proceeds of the partial sale of Telstra. The program's objective is to contribute to the development of advanced network infrastructure that will deliver long-term economic benefits. It supports the development, trialling and demonstration of advanced networks, experimental networks and testbeds.

Initial funding for the program was $39 million over three years to support three projects, the Centre for Networking Technologies for the Information Economy, GrangeNet and m.Net. Additional funding of $20 million was provided for three years from 2004–05 under Backing Australia's Ability–Building our Future through Science and Innovation.

In 2004–05, the three projects used networks established in the first phase of the program to continue research and applications development, explore commercialisation opportunities, and support the Government's e-research agenda.

High use of facilities

The Advanced Networks Program networks have been used extensively in research and applications development. The Centre for Networking Technologies for the Information Economy's five focus groups are using network and applications research to develop and demonstrate new business systems covering e-health, digital media, enterprise systems, regional Australia and first-mile connectivity.

GrangeNet carried more than 620 terabytes of research and education traffic in 2004, more than twice the figure for the previous year, serving researchers in areas ranging from particle physics to sports coaching. Thirty-three application development companies are working under the m.Net umbrella to develop and commercialise rich-media mobile services.

Facilities have had positive impact on the work of researchers

In 2004–05 the three projects have facilitated a significant amount of new research activity, including a range of e-research. The Centre for Networking Technologies for the Information Economy is conducting technology projects in continuous media web services (including commercialisation of the Annodex™ standard), telepresence, network research and trusted systems.

GrangeNet has introduced new network service layers to meet research needs for point-to-point circuits (dedicated light paths) and multi-campus research projects. m.Net has expanded the range of its activities supporting the testing, trialling, demonstration and commercialisation of next-generation wireless broadband applications to include mobile content development and mobile services software programs, a mobile applications development course at universities, and a marketing program.

Leveraging of non-Commonwealth external funding

Over the initial three years of the program, the Government's investment of $39 million was supplemented by more than $75 million in cash and in-kind contributions by non-Commonwealth

SECTION 2

137

consortium members of the three projects. In 2004–05 the non-Commonwealth consortium members contributed an additional $7.5 million and another $33 million in-kind contributions.

Contribution to national backbone network for research and education

The networks established by the Centre for Networking Technologies for the Information Economy and GrangeNet under the first phase of the program provided the first very high-capacity (10 gigabits per second) network in the Southern Hemisphere. The two organisations interconnect to form a national research backbone from Brisbane to Perth.

In 2004–05, this backbone continued as the principal national high-capacity research link, also enabling international connections. The Australian Research and Education Network, currently being established, will provide the next-generation national high-capacity network and it is expected that the Advanced Network Program's traffic and research activities will eventually move to the Australian Research and Education Network infrastructure.

ICT Incubators Program

ICT incubators provide business advice and finance to help start up ICT firms. The Department administers the ICT

Advanced Networks Program
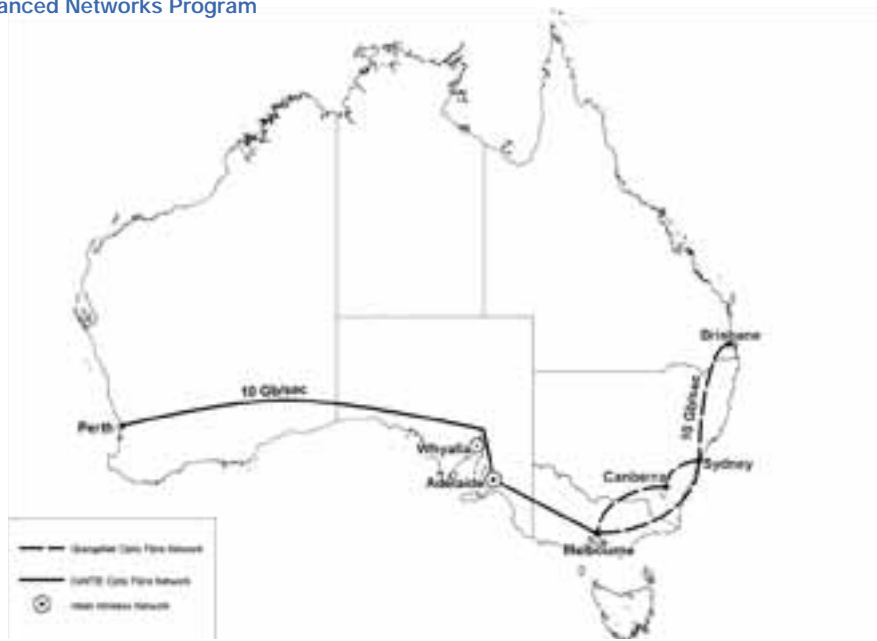
The Advanced Networks Program high-capacity (10Gbps) network

Incubators Program, with $34.13 million funding over four years, to support the better-performing incubators. They had previously been funded under the Building on IT Strengths incubator program.

In 2004–05, eight funding agreements were finalised following a competitive selection process which considered the incubators' past performance and future strategies, and whether they were likely to achieve financial self-reliance.

ICT start-up companies assisted

At the end of the reporting period incubators had considered 640 applications from which 32 information and communications technology start-ups were accepted. There were 34 graduates, including incubatees that were accepted under the former Building on IT Strengths incubator program. As shown in figure 2.37, since 2000–01, 4810 applications have been considered, and 377 ICT start-ups have been accepted as incubatees. There have been 221 graduates.

Stronger ICT commercialisation

The ICT incubators have reported raising $43.8 million in private co-investment for incubatees. This brought total private co-investment to $171.3 million since 2000–01.

In addition, incubators reported that in 2004–05 Building on IT Strengths and ICT Incubator Program incubatees gained $14.1 million in government grants. This brought the program total to $38.9 million since 2000–01.

Impact of funding

Funding for information and communications technology start-ups through the ICT Incubators Program addresses an identified market failure—one where venture capital and other finance providers have persistently displayed limited support for early-stage ICT companies.

SECTION 2

Figure 2.37 Applications, acceptances and graduates from the ICT Incubators Program and the former Building on IT Strengths program

	Up to 2000–01 BITS	2001–02 BITS	2002–03 BITS	2003–04 BITS	2004–05* ICTIP	Total*
Applications	1477	1110	927	656	640	4810*
Acceptances	64	98	102	81	32	377*
Graduates	4	31	88	64	34	221*

*Numbers above revised from previous years due to definition changes by incubators

Early-stage ICT start-ups also find it difficult to obtain advice in their critical early years on developing networks for locating leading-edge customers, business partners and capital providers.

Program incubators across Australia have a catalytic role in Australia's innovation system. They provide advice and bring high potential ICT companies to the attention of capital providers. This helps commercialise new technology applications and products into viable businesses that generate sales revenue, employment and exports for Australia.

Intelligent Island

During the year, the Department and the Tasmanian Department of Economic Development continued jointly to oversee the implementation of the memorandum of understanding that governs the $40 million Intelligent Island initiative.

The current memorandum was signed on 7 April 2004 and extended the program to 30 June 2008.

The initial impact of Intelligent Island funding has been in the incubation of ICT start-ups, skills development, industry consolidation and marketing. In the year to 30 June 2005:

- In-tellinc was awarded a further $4.57 million from the ICT Incubators program;

- the eLearning and Marine ICT clusters were further developed with a successful marketing mission to Europe; and

- Dytech Solutions won a major e-learning contract with Education Queensland for the 'Learning Edge' system and joined UXC Limited, a national group of Australian technology companies with a market capitalisation of over $120 million and 1400 employees.

Progress in e-health and the Centre of Excellence project were slowed by the decision by the University of Tasmania not to proceed with the Tasinformatics proposal and joint venture with the Tasmanian Department of Health and Human Services.

The Department and the Tasmanian Department of Economic Development are exploring viable alternatives for this project, in consultation with stakeholders in industry, government and research.

Commonwealth Technology Port

The Department continued to monitor the development of the Commonwealth Technology Port (Comtechport) premises at the 4.4 hectare Technology Park Precinct of the Melbourne Docklands. Comtechport is a business precinct being developed with Australian Government funding of $22.5 million and will house

high technology companies, a business incubator and education and research institutions.

During the year tenants moved into the first phase of Comtechport, the Innovations Building, with Telstra's R& D Centre occupying three of the five levels. Other tenants include Kodak Australia, the Australian Film, Television and Radio School, BSI Services (a technology incubator company) and Trackburn (a pharmacy). Approvals were obtained for the second phase of the project, the 15 000 square metre Podium Building, to commence in July 2005.

Information Technology Online

Innovative projects funded under the Information Technology Online Program

The Information Technology Online program is a competitive funding program designed to accelerate national adoption of e-business solutions, especially by small and medium enterprises, across a broad range of industry sectors and geographic regions.

Funding agreements for nine new projects involving 51 organisations were finalised in 2004–05. Information Technology Online projects are selected to demonstrate the practical application of ICT innovation

across the economy. A number of innovative projects supported also have the potential to make a significant strategic contribution to Australian industry.

Two projects funded in round 12 illustrate this potential.

- An e-business manufacturing management system (Viewpoint) integrates business processes within a cluster of companies through a shared online database. This solution aims to increase competitiveness in the Australian electronics industry by providing a more efficient collaboration process in respect of supply chain data.

- Another project is developing a secure, reliable, accessible locum booking service and administrative system for rural doctors. It uses an interactive website and an open-source information system which will streamline the process of locum service recruitment, initial orientation, placement (locum booking system) and day-to-day operation of the general practitioner locum services.

Projects completed successfully

A total of 19 projects from rounds 8, 9, 10 and 11 were successfully completed in 2004–05. Case studies of successful projects are available on the Department's website at *www.dcita.gov.au/itol*

SECTION 2

Take-up of business-to-business e-commerce by business in targeted sectors

A total of 101 applications were received in two funding rounds held in 2004–05. In round 12, four projects were funded to the value of $683 000 from the health and electronics sectors, with two projects based in regional areas. In round 13, five projects were funded to the value of $820 000 from the viticulture, agriculture, arts, manufacturing and community sectors.

Positive feedback on the program

Feedback from funding recipients has been positive. Staff are seen as helpful and courteous, and recipients found their feedback to have been valuable and timely. The program's application process, reporting requirements and administration were rated positively for clarity, simplicity and modest cost compared to other government funding programs.

In addition, strong interest in the program is shown by the large number of applications received, the increase in the number of *ITOL News* subscribers and the number of hits on the program's web pages.

NetAlert Limited

Timely payments in accordance with NetAlert's funding agreement

NetAlert was established by the Government in 1999 as part of the online content co-regulatory scheme to provide Internet safety advice and undertake community education campaigns on Internet safety issues. In 2004–05 NetAlert received funding of $1.466 million through a funding agreement administered by the Department. This includes $250 000 paid by the Australian Government Information Management Office. NetAlert produces its own annual report.

NetAlert works with the Australian Broadcasting Authority (from 1 July 2005, part of the Australian Communications and Media Authority), the Internet industry, and law enforcement and community organisations to promote Internet safety.

In September 2004, the Government announced that NetAlert would receive $2 million (of which $670 000 was paid in 2004–05) to run a two-year training roadshow and information campaign aimed at educating parents, teachers and community groups about the risks children face online.

NetAlert has also been planning the NetAlert expo, which will tour schools, libraries and community centres in all states and territories.

Case study

NetAlert—helping keep online activities safe for all

In 1999, NetAlert was established as an independent body administered by the Department to give sensible, helpful and reliable advice to the community about Internet safety.

NetAlert undertakes community education, advice and research activities. In addition, the Internet industry must consult NetAlert when developing industry codes and standards, before these can be registered by the Australian Communications and Media Authority.

NetAlert has a family-friendly website, a toll-free national helpline and an email advice service for parents, teachers and community groups.

It gives out brochures and fact sheets on topics like 'Keeping children safe on the Internet', 'Who is looking out for your child online', and 'A parent's guide to Internet safety', to schools and community groups.

The NetAlert CyberSafe Schools project has useful resources for teachers and students which it distributes to all Australia's primary and secondary schools. There is a quick reference guide and an information booklet, *A teacher's guide to Internet safety*. Teachers use NetAlert CyberSafe Schools to manage potential online risks, and students use it to develop Internet safety skills that they can use at home and at school.

NetAlert has designed online activities for very young children aged from two to seven years. The Netty's World website has *Netty's Net Adventure*, an online story where the character Netty guides children through Internet safety issues. The website has fun interactive games and a club for children to join and discover more about Internet safety.

NetAlert has active partnerships with other organisations. For example, under the Government's National Child Protection Initiative election commitment, the National CyberSafe Program and the Australian Federal Police are working together on online safety education and prevention programs.

NetAlert is to receive a further $2 million to run the National CyberSafe Program, a two-year training roadshow and information campaign to educate parents, teachers and community groups about online safety. The roadshow was being planned in 2004–05, and will start touring Australia next year.

Outputs

Output 3.1

Policy advice and program management which encourage competitively priced and reasonably accessible telecommunications and postal services

High-quality program funding and grant administration

Broadly speaking, four types of programs are administered by the Department under output 3.1: contracts, multiple funding recipient programs, single funding recipient programs and hybrid/subsidy programs. More information on these programs is provided under 'Administered items' on page 94. The programs address regional communications, research and access by people with disabilities, and consumer representation.

Regional programs

Higher Bandwidth Incentive Scheme

The Higher Bandwidth Incentive Scheme (HiBIS) expended the full funding allocation of $52.3 million for the 2004–05 financial year. In this period, the Department received 70 applications from Internet service providers wishing to become registered HiBIS providers.

Of these applications, at 30 June 2005, thirty-three retail and two 'wholesale only'

providers were registered, eight were approved but not yet formally registered, twenty were still being processed, two were unsuccessful, two were being held for further consideration, and three applications were withdrawn.

In 2004–05 members of the public showed considerable interest in the scheme, as shown by enquiries to the 1800 hotline (more than 3700 phone calls) and via email (approximately 2000 emails).

Telecommunications Action Plan for Remote Indigenous Communities

Under the Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC), $1.35 million of the $1.5 million allocation for 2004–05 was spent on an online content development program, an Internet access program, information and awareness raising and the community phones program.

The under-budget amount of $146 000 relates to circumstances surrounding the community phones program. Telstra was engaged to provide services under this program and requested a variation to the

contract as it was unable to complete the installation of community phones before 30 June 2005 because of the long lead times for civil works clearances and unseasonable wet weather. Telstra offered a 10 per cent discount to support its variation, which will fund the installation of a further 40 community phones. To maximise this opportunity, it was agreed to extend the activity period under the program to 30 June 2006.

In keeping with a decision announced in 2004 by the Australian Government, $3 million of unspent TAPRIC funds were rephased from 2004–05 to 2005–06 to continue initiatives under the TAPRIC program. These funds will be used principally to continue to support

the costs of providing essential voice telephone services and Internet services for remote Indigenous communities.

The Department received four applications under the TAPRIC Internet Access Program. The successful applicant was contracted to deliver and install hardware systems in 41 remote Indigenous communities.

Forty-two applications for funding were received under the Indigenous Communities Online Program and 13 projects were funded.

The community phones program trial commenced in the 2004–05 financial year. Regional agents were invited to apply for the implementation of the trial and two

Higher Bandwidth incentive Scheme map

HiBIS broadband service availability from terrestrial infrastructure as at 30 June 2005 (satellite broadband coverage is ubiquitous)

applications were received. PY Media was the successful applicant to deliver the service in Western Australia and the Northern Territory.

The Department also called for applications for the delivery of services under the community phones demonstration program. There were seven applications and one was approved. The remaining six applicants were invited to submit revised applications and three did so.

A summary of applications processed and projects funded under these programs is set out in figure 2.38.

Coordinated Communications Infrastructure/Demand Aggregation Brokers

In 2004–05, forty applications were received in response to the second funding round of the Coordinated Communications Infrastructure Fund. Six projects were selected for funding and funding agreements are being negotiated for these projects.

The Demand Aggregation Brokers program has three core elements:

- community-based broadband demand aggregation brokers;
- state and territory based broadband demand aggregation brokers; and
- national broadband advisers.

Under the community broker component of the program, 22 applications were received for the second round of funding and 11 projects were selected for funding.

The program also supports a state-based broker in all states and territories except the Australian Capital Territory and Tasmania.

Figure 2.39 shows a comparison of applications processed and funded and grants administered for 2003–04 and 2004–05 for these programs. Figure 2.40 indicates milestones met.

Figure 2.38 HiBIS/TAPRIC projects and grants 2004–05

	Applications processed	Funded projects
Higher Bandwidth Incentive Scheme	70 (ISP applications)	35
Internet Access Program	4	1
Indigenous Communities Online Program	42	13
Community phones program trial	2	1
Community phones demonstration program	7	1

National Communications Fund

The bulk of implementation activity under the National Communications Fund, which supports significant telecommunications projects in regional Australia, occurred in 2004–05. All projects were at an early stage of implementation at the beginning of the year. By June 2005, six of the eight projects were fully implemented and two will be finalised in 2005–06. The final acquittals for all projects will be completed in 2005–06.

Under the Satellite Phone Subsidy Scheme, the Department must assess whether applicants meet the relevant eligibility criteria and, if so, calculate the appropriate subsidy and process payments to registered handset providers.

During the year, 3399 applications were approved compared with 1788 in 2003–04. Expenditure of $2.91 million for 2004–04 was also more than double that of the previous year ($1.27 million). Despite this very significant increase in the number of applications and payments made under this scheme during the year, program administration was efficient and relevant timeframes were met.

SECTION 2

Figure 2.39 Applications processed, funded projects and grants administered for the Coordinated Communications Infrastructure Fund and Demand Aggregation Brokers program

	2003–04			2004–05		
	Applications processed	**Funded projects**	**Grants administered**	**Applications processed**	**Funded projects**	**Grants administered**
Coordinated Communications Infrastructure Fund	153	7	1	40	6	6
Demand Aggregation Brokers program (community brokers)	50	13	0	22	11	17

Figure 2.40 Milestones met for the Coordinated Communications Infrastructure Fund and Demand Aggregation Brokers program

	2003–04		2004–05	
	Milestones met		**Milestones met**	
	%	**No.**	**%**	**No.**
Coordinated Communications Infrastructure Fund	100	1	83	15
Demand Aggregation Brokers program	100	1	94	45

The Department administers four contracts with Telstra which fund the enhancement or upgrading of mobile phone infrastructure in regional Australia.

In 2004–05, the Department met Telstra each month to assess progress and deal with any issues. Payments were made as contractual milestones were achieved.

Final payments were made under two of the contracts. For a third contract, development approval is still being sought for a number of sites and a further payment may be made in 2005–06. For the remaining contract, program rollout is not scheduled to be completed until November 2006.

The Launceston broadband project is a joint funding initiative between Telstra and the Australian Government. The project provides subsidies for broadband access and the B-eLab broadband testbed facility in Launceston. A variation to the funding deed was made in July 2004 to extend the life of the project by two years to 30 June 2006. Telstra provided one acquittal in 2004–05 for an amount of $907 000, which has been paid.

The Business Development Fund stimulates new high-tech business opportunities with links to the Launceston region, especially broadband applications. The fund is administered by the Tasmanian Electronic Commerce Centre on behalf of the Government.

The Business Development Fund funding deed was varied during 2004–05 to improve reporting processes and to allow for the final funding round to be concluded in June 2005. One payment of $716 000 was paid to the Tasmanian Electronic Commerce Centre during 2004–05 on the receipt of an appropriate report. The final program payment for the June 2005 funding round will be made in 2005–06 once reports are received.

Networking the Nation

The Networking the Nation program concluded on 30 June 2004. Over the seven years of operation, the program funded projects that addressed a range of telecommunications needs in regional, rural and remote Australia.

At 30 June 2005, 695 projects, or 91 per cent of the 762 projects funded under Networking the Nation, had been acquitted. A comprehensive evaluation of the program was undertaken to examine its effectiveness, the 'physical' outputs, its administrative efficiency and key lessons learnt from the program. The evaluation was not finalised until after the reporting period.

Networking the Nation helped establish a base for further development by commercial operators and more targeted Government programs. More recent programs, such as the National Communications Fund, the Coordinated Communications Infrastructure Fund and

the Higher Bandwidth Incentive Scheme, have built on that legacy.

In the six years to 2004, the proportion of the non-metropolitan population with access to a terrestrial mobile phone service increased from 83.5 per cent to 94.5 per cent, while the proportion of households using a mobile phone increased from 37 per cent in 1998 to at least 70 per cent in 2003. Networking the Nation funded 267 mobile phone installations.

Internet use by non-metropolitan households increased in the five years to 2003 from 11 per cent to 47 per cent, while over half of all adults and more than two-thirds of all businesses in non-metropolitan areas were using the Internet by mid-2003.

By June 2003, more than 2.2 million people had used Networking the Nation funded Internet facilities and around 950 000 people had received training through a Networking the Nation funded facility.

Internet Assistance Program

2003–04 was the final year of funding for the Internet Assistance Program, which is now continued by Telstra under a carrier licence condition.

Payment for the achievement of the final milestone was held over to 2004–05 when the final program acquittal was made available and a final payment of $309 000 (GST inclusive) was made to Telstra.

Research and access by people with disabilities

The Department administers the National Relay Service contract in consultation with the Australian Communications Authority (from 1 July 2005 part of the Australian Communications and Media Authority). The Australian Communication Exchange provided the service during 2004–05 and will continue to do so until 30 June 2006.

In December 2004, the Department released for comment a draft statement of requirements for the provision of the services from 1 July 2006. Comments on the draft have been taken into consideration in the development of a request for tender, which will be released early in 2005–06.

Consumer representation and research grants

As shown in figure 2.41, nineteen applications were received for consumer representation grants in 2004–05. Twelve applicants were allocated funding. Thirteen applications were received for telecommunications research grants, and three of those were allocated funding.

Consumer representation grant recipients had to meet certain milestones, such as attending meetings of the Australian Communications Industry Forum committees, participating in other relevant forums and publishing journals.
The milestones were considered to be met only on receipt of a satisfactory progress report.

SECTION 2

149

Consumer grants acquitted in 2004–05 related to grants allocated in 2003–04. For telecommunications research grants, one of the two grants made in 2003–04 was acquitted in 2004–05. Figure 2.42 details the number and percentage of milestones met and grants acquitted for each program.

Australia Post mail screening

The Australia Post mail screening grant was a single funding recipient program. Australia Post was provided with $49.4 million over four years; 2004–05 was the final year of the program.

High-quality and timely policy advice and ministerial services

Key communications issues raised in ministerial correspondence during the reporting period included the availability of broadband services, services in rural and regional Australia, and a range of consumer issues such as unexpected high bills, customer service from call centres, and service quality.

Other common issues were Telstra shareholder issues, management and employment issues, and the full privatisation of Telstra.

The Department provided a significant number of briefings to the Minister on a range of policy issues and market developments.

Advice was provided to the Minister on the sale of the remaining Government shareholding in Telstra, Telstra and Australia Post governance issues, and issues relating to domestic postal policy and market developments.

Figure 2.41 Section 593 consumer and research grants

	2003–04			2004–05		
	Applications processed	Funded projects	Grants administered	Applications processed	Funded projects	Grants administered
Consumer grants	19	24	24	19	28	28
Research grants	0	2	2	13	0	1

Figure 2.42 2004–05 Milestones met and grants acquitted

	Milestones met		Grants acquitted	
	%	Number	%	Number
Consumer grants	95	110	100	15
Research grants	100	5	100	1

Briefings were also provided on a range of regulatory, consumer and regional issues such as the adequacy of the telecommunications competition regime, unexpected high bills in telecommunications, consumer safeguards, future-proofing of services in rural and regional Australia, improving the availability of broadband across a range of technologies and environments, carriers' powers and immunities to install telecommunications infrastructure, privacy issues related to telecommunications customer data, and the protection of submarine telecommunications cables—including a proposed regulatory regime.

The Department also provided significant direct support to the Minister on issues related to telecommunications and postal services. This is the second year that performance information on response times has been collected, and trends noted in figure 2.43 indicate significant improvements in the timeliness of responses to ministerial correspondence.

In terms of international telecommunications, the Department provided advice to the Minister on ratifying changes to the treaty relating to the International Telecommunication Union to improve the efficiency and relevance of the union's work. These had been agreed to by the Plenipotentiary Conference held in Morocco in 2002.

The Department also provided the Minister with detailed advice on the World Summit on the Information Society and Internet Governance, and on trade issues. Negotiations at the World Trade Organisation and bilateral negotiations with the United States, Thailand, China, Malaysia, the United Arab Emirates, Association of South-East Asian Nations, and New Zealand, were aimed at achieving more liberal trade commitments while maintaining the tools for Australia to promote its national identity.

The Department also provided briefings to the Minister on policy issues relating to the

SECTION 2

Figure 2.43 Advice provided within agreed timeframes

| Type of advice | Telecommunications | | | | |
| | 2003/2004 | | 2004/2005 | | 03/04–04/05 |
	Number	% on time	Number	% on time	Diff - % On Time
Ministerial correspondence	1796	39%	1257	55%	+16%
Briefings					
- Minutes initiated by the Department	296	n/a	295	n/a	n/a
- Meeting briefs	79	63%	51	64%	+1%
Question Time briefs	313	74%	222	64%	-10%
Parliamentary questions on notice	82	22%	18	24%	+2%

Asia–Pacific Economic Cooperation forum (APEC) and the Australia–United States Free Trade Agreement. Australia has also taken a leading role in the active and successful APEC Telecommunications and Information Working Group, chairing several groups and initiating a number of programs.

During the year, the Department represented Australia at two meetings of the Organisation for Economic Co-operation and Development (OECD) Working Party on Telecommunications and Information Services Policies. The sharing of information and discussion of papers at these meetings was very useful, providing input into advice to the Minister on a range of telecommunications competition issues.

Effective client service and consultation

The Department consulted with stakeholders on a range of telecommunications policy and program issues in 2004–05. It responded to queries from individual members of the public on the availability of telecommunications services and existing telecommunications regulation and programs.

The Department also consulted with industry stakeholders on telecommunications competition regulation through the release of an issues paper in April 2005, which called for submissions from interested parties by May 2005.

The results of the Department's client satisfaction survey reported that overall satisfaction with the Department from the telecommunications sector was high, with 98 per cent of 87 respondents surveyed rating service as satisfactory or better.

Trends indicate a significant improvement compared with results from 2003–04, where 91 per cent of 54 respondents rated service as satisfactory or better. In addition, ratings of good or excellent from the telecommunications sector improved from 68 per cent in 2003–04 to 76 per cent in 2004–05.

Eighty-five per cent of telecommunications sector clients expressed satisfaction that the Department was contributing appropriately to the objective of competitively priced and reasonably accessible telecommunications services. This result is slightly higher than last year's result of 82 per cent.

In terms of client satisfaction with the Department's consultation processes, the results are similar to those for the previous year. The proportion of the Department's clients giving an overall satisfactory rating is unchanged at 91 per cent, with 56 per cent rating the processes as good or excellent, and nine per cent giving a poor rating.

Compliance with accountability standards

The telecommunications consumer representation and research grants are evaluated to ensure that they comply with Australian National Audit Office requirements. Project final reports are examined annually and analysed against the requirements of their funding deeds.

This involves consulting stakeholders as appropriate.

The Australian Customs Service and the Australian Quarantine and Inspection Service were primarily responsible for assessing Australia Post's level of compliance with the screening standard for the foot-and-mouth grant deed. Australia Post gave quarterly reports to the Department which were confirmed by the Australian Customs Service and Australian Quarantine and Inspection Service.

The reports were a qualitative evaluation and indicated whether performance milestones were being met. The process included consideration of the annual funding agreement. The Australian National Audit Office audited the receipts and expenditure statement of the grant deed in September 2004 and found it to be satisfactory.

There was also a departmental audit of the Higher Bandwidth Incentive Scheme administrative processes in 2004–05, part of ensuring best practice. KPMG was engaged to undertake this audit and made 10 recommendations, seven of which have been implemented or partially implemented as at 30 June 2005. The Department continues to implement the recommendations.

Research and analysis activities contribute to policy development

The Department's Communications Research Unit has access to information from survey research companies, academic journals and industry briefings and visits. This information is analysed and modelled to produce quantitative and qualitative outputs, which are then used to inform policy.

Six longer-term projects involving telecommunications were completed in 2004–05:

- an evaluation of the effectiveness of the Government's Networking the Nation program;

- international comparisons of telecommunication regulations;

- a research paper identifying the data sources needed to measure the social and economic impacts of mobile phones;

- advice and modelling concerning the Australian Competition and Consumer Commission's recommendations for Telstra's retail price controls;

- a research paper on next-generation networks; and

- a study of hearing impaired teletypewriter users in Australia.

In addition to work done by the Communications Research Unit, research and analysis was also commissioned by relevant policy and program areas within the Department.

Consultants from Eureka Strategic Research were appointed to undertake quantitative and qualitative research on the use of teletypewriters in

Australia. The research was to establish statistically valid data on the size of the Australian teletypewriter user population, its geographic and demographic characteristics, and its use of and attitudes towards teletypewriters and alternative communications technologies.

Throughout 2004–05, significant research and analysis was undertaken in the context of the Higher Bandwidth Incentive Scheme (HiBIS). The Department engaged RMIT Test Lab, WalterTurnbull and MapInfo for these activities.

RMIT Test Lab analysed in detail the technical aspects of applications from Internet service providers seeking to register under the scheme. RMIT Test Lab also:

- established and hosted a data speed testing facility;

- advised and assisted in the implementation of a data speed testing regime to ensure the scheme's providers met minimum requirements under the scheme and to allow customers to test their service speeds; and

- undertook and reported on data speed testing of HiBIS providers.

These activities helped ensure compliance with the scheme's overall objectives.

WalterTurnbull provided expert advice on the financial viability of applicants seeking to register under HiBIS. This helped the Department to ensure that the HiBIS-registered providers have the financial resources to continue providing services for the program's four-year term.

A database was developed with consultant MapInfo to allow claims to be submitted, processed and reported online. Following further developments, the system now also provides statistical information that can be analysed to track scheme expenditure and progress.

The reporting system was developed as an extension of the Regional Communications Policy Branch's geographic information system, the Spatial Data Network which has provided a valuable tool in the analysis and presentation of data relating to telecommunications and other initiatives in regional, rural and remote areas.

The network collects spatial and other data from departmental line areas, telecommunications carriers, service providers and state and territory governments, as well as acquiring base geographic data commercially.

The Spatial Data Network has supported the Higher Bandwidth Incentive Scheme, providing online maps so that people can see whether they are eligible under the scheme, and find HiBIS-approved broadband service providers in their area.

The network was also used to determine priority areas for funding support under the Telecommunications Action Plan for Remote Indigenous Communities programs for Internet access and community phones.

As part of a commitment by the Australian Government, the Australian Telework Advisory Committee was established to investigate telework and home-based business, and to advise on options and impediments to the development of telework for employees and businesses.

The committee met for the first time on 31 March 2005 and published three discussion papers as the basis of a consultation process. The committee secretariat interviewed 57 stakeholders and held public forums in metropolitan, regional and rural areas. It received 29 public submissions. A report to government is anticipated during 2005–06. Sensis was engaged to survey small and medium enterprises and consumer use of telework arrangements, and will report its findings in 2005–06.

Timely advice

This is the second year in which the Department has collected performance information on response times for the provision of advice.

As shown in figure 2.43 on page 151, the trend has been to improvements in the timely provision of ministerial briefings and answers to parliamentary questions on notice. There was, however, a decline in the timeliness of providing Question Time briefings.

This could be due to late requests, complexities involved in developing responses, and the need to consult with portfolio agencies and

government business enterprises. The Communications executive will monitor developments to ensure improvement where possible.

Details of the subject matter covered in advice provided to the Minister are discussed in the 'High-quality and timely policy advice and ministerial services' section of this chapter on page 150.

Targets for processing times met

The Department complied with the timeframes in its telecommunications grant deeds when making payments. Once progress reports were approved and satisfactory progress against all requirements of the funding agreement had been demonstrated, including a satisfactory financial acquittal, all associated payments were made.

The Department continued to meet the target of seven days for paying the National Relay Service provider the National Relay Service levy once levy funds were received from the Australian Communications Authority. This benchmark, established in 2003, has contributed to a more efficient and streamlined process for the payment of the quarterly service levy.

In relation to the Australia Post foot-and-mouth grant deed, the Department made payments to Australia Post in accordance with the approvals process outlined in

the funding deed. Once quarterly reports were approved, and satisfactory progress against all requirements of the funding agreement had been demonstrated, all associated payments were made.

Highly effective budget management

As identified in the resources for outcome table on page 94, the overall price of output 3.1 was $1.05 million above budget. Variations across outputs within Outcome 3 are mainly due to overhead allocation fluctuations as a result of final average staffing levels.

Some output 3.1 administered funding programs were underspent in 2004–05 because funding recipients did not trigger milestone payments. In most cases, this was due to external factors beyond the control both of the Department and the funding recipient. Efforts will be made to rectify this slippage in the coming financial year.

Managers conduct a regular evaluation of budget outcomes and commentary on variations between budget and expenditure is provided to the Department's Executive Management Group each month. The commentary also includes forecasting of budget trends where possible.

Evaluations

Evaluation of the Telecommunications Action Plan for Remote Indigenous Communities program

In accordance with the Department of Finance and Administration Estimates Memorandum 2004/18, the Telecommunications Action Plan for Remote Indigenous Communities program was comprehensively reviewed.

The Department of Finance generic terms of reference required the review to consider and report on the aspects of the program relating to appropriateness, effectiveness, efficiency, and future evaluation strategy.

The key findings of the review are set out below.

• The geographic isolation and economic disadvantages faced by remote Indigenous communities mean that a comprehensive and proactive range of interventions have been needed to achieve even basic telecommunications services. The high cost and logistical difficulties of supply combine with a lack of awareness of service choices and availability, a lack of appropriate skills and a lack of relevant cultural content for users of online services. These issues that will require ongoing intervention and collaborative, innovative solutions.

- A collaborative and cooperative approach between the Government, Telstra (as the primary universal service provider) and regional Indigenous organisations, to explore a range of appropriate service delivery alternatives, is essential. The appropriateness of the Telecommunications Action Plan for Remote Indigenous Communities is influenced by the ability to involve Indigenous communities and consult with a wide range of stakeholders, and a willingness by Government and industry to support flexible and tailored solutions. Incentives will continue to be required as a catalyst for encouraging industry development.

- The highest priority of remote Indigenous communities remains a need for better telephone services. The role of more advanced telecommunications services to support Internet access and videoconferencing are also crucial in enabling these communities to enhance economic development and develop self-sufficiency.

- In addition to the five program areas, a range of complementary activities have been undertaken, including a communication strategy and a Telstra/Australian Communications Authority/DCITA steering committee on Indigenous communications issues. These additional activities have supported the overall implementation of the action plan and have facilitated the program's achievements and the program's present momentum. The additional activities contribute to the Government's ongoing commitments arising from the Regional Telecommunications Inquiry.

- Improved provision of services to remote communities is both time and resource intensive when compared to the provision of similar services to the wider community. In recognition of the contribution of such services to the improved economic, social and cultural outcomes in communities otherwise prone to isolation from government and commercial services and information, the essential gains made under the Telecommunications Action Plan for Remote Indigenous Communities should be sustained and expanded.

The review found that the Telecommunications Action Plan for Remote Indigenous Communities has been appropriate, effective and efficient in addressing the telecommunications needs of remote Indigenous communities. The Government is providing total funding of $8.3 million to provide an integrated response to the range of telecommunication needs of remote Indigenous communities.

The review supported a rollover of $3 million from 2004–05 to 2005–06 for the community phone program, which was approved by the Department of Finance and Administration.

Case study

Gap Youth Centre Aboriginal Corporation

The Government's Telecommunications Action Plan for Remote Indigenous Communities includes a component called the Indigenous Communities Online program.

The program funds the development of online information and services for remote Indigenous communities, encouraging communities to develop and use their own content, thus contributing to their cultural, social and economic growth.

One recipient of funding under this program is the Gap Youth Centre Aboriginal Corporation in Alice Springs, which hosts the Deadly Mob website, *www.deadlymob.org*, as one of a number of partnership activities that provide a wide range of services to the young people of Alice Springs and surrounding communities.

The Gap Youth Centre treats the website as a national online learning facility. With Indigenous Communities Online program funding, the youth centre developed an easy-to-use website maker, 'dEadly Zone', that allows Deadly Mob's web users all over Australia to take control of building and maintaining their own pages without the need for extensive web development skills.

Communities will be able to choose from a range of templates and incorporate such services as blogs (weblogs), photo albums and chat, music and listening rooms. The 'My Page' feature provides the user with a quick means for checking for new email and blog entries and the number of website hits, as well as a place to store a résumé or portfolio of work.

Throughout the development of the project, the Gap Youth Centre consulted with Indigenous communities, especially young people, seeking participation and feedback that would ensure ease of use, cultural appropriateness and acceptance by Indigenous users. The project provided training to 10 remote Indigenous communities in Central Australia.

Output 3.2

Policy advice and program management which promote accessible high-quality broadcasting services

High-quality program funding and grant administration

Television Black Spots program and Television Black Spots— Alternative Technical Solutions program

As figure 2.44 indicates, significantly fewer applications were processed, projects funded and grants administered under the Television Black Spots program this year because the program was being progressively wound down in accordance with its scheduled closure on 30 June 2005.

The Television Black Spots—Alternative Technical Solutions program administered six grants during the year.

As figure 2.45 indicates, all of the milestones required in 2004–05 for the Television Black Spots program projects that involved the replacement of obsolete equipment were met. Nine of the 39 milestones required for new Television Black Spots program and the Alternative Technical Solutions projects were not achieved on time, although grant recipients subsequently complied with requirements in the reporting period.

During the year the Department worked actively with the coordinating bodies to encourage them to meet milestones and acquit projects, but delays were sometimes difficult to avoid, particularly where the projects are located in isolated regions or because of technical factors.

Figure 2.44 Television Black Spots/Alternative Technical Solutions grants 2003–04

	2003–04			2004–05		
	Applications processed	Funded projects	Grants administered	Applications processed	Funded projects	Grants administered
TVBSP new services	46	46	187	4	10	100
TVBSP replacement of obsolete equipment	0	0	56	0	0	1
Alternative Technical Solutions	2	2	2	4	4	6

Commercial Radio Black Spots program

Although the program was due to end on 30 June 2005, funding has been extended into 2005–06 to allow outstanding eligible projects to be completed. As shown in figure 2.46, no new invitations to submit projects were considered in 2004–05, although 19 projects from previous submissions, addressing 25 communities, were approved during the year.

Figure 2.47 shows that, in 2004–05, 26 per cent of milestones were not met, although the majority of grant recipients subsequently complied with requirements in the reporting period. The Department continues to work actively with recipients to encourage them to meet milestones and acquit projects on time, but there can be delays, particularly where the projects are in more remote areas. Administrative reorganisations associated with the takeover by the Macquarie Bank Group of projects previously approved for RG Capital and DMG Regional Radio also led to delays in meeting milestones.

Projects originally approved in 2002–03 (three), 2003–04 (four) and in 2004–05 (one) were cancelled or terminated in 2004–05, a total of eight.

Figure 2.45 Television Black Spots—Alternative Technical Solutions milestones met and grants acquitted

	2003–04				2004–05			
	Milestones met		Grants acquitted		Milestones met		Grants acquitted	
	%	No.	%	No.	%	No.	%	No.
Television Black Spots Program	100	96	92	77	81	29	39	22
Television Black Spots replacement of obsolete equipment	77	21	95	53	100	1	0	0
Alternative Technical Solutions	100	1	n/a	n/a	33	1	100	2

Figure 2.46 Commercial Radio Black Spots program grants administered

	2002–03			2003–04			2004–05		
	Applications processed	Funded projects	Grants administered	Applications processed	Funded projects	Grants administered	Applications processed	Funded projects	Grants administered
Commercial Radio Black Spots program	185	38	38	275	70	108	0	19	102

ABC and SBS digital interference scheme

In 2003–04, the Department transferred funds from the scheme to the ABC and SBS following receipt of five invoices validating the costs the national broadcasters had incurred in relation to the interference management strategy. The average period for processing these invoices and payments in 2004–05 was 12 days, an improvement on the 17-day average in 2003–04. All invoices or payment requests received by the Department in 2004–05 were approved by 30 June 2005.

National Transmission Network residual funding pool

Five grants were provided for community and remote commercial broadcasters and Radio for the Print Handicapped.

No application is required as the grants reflect arrangements agreed at the time of the sale of the National Transmission Network.

As shown in figure 2.48, in 2004–05 11 of the 14 milestones were met by the target date. Those that were late were met on average within 16 days of their due date, an improvement on 2003–04 when only two milestones were met by the target date and the remainder on average within 26 days of their due date. The slippage was primarily due to delays in the provision by funding recipients of partially completed activity reports which needed to be followed up by the Department. All outstanding grant acquittals were provided.

SECTION 2

Figure 2.47 Commercial Radio Black Spots program milestones met and grants acquitted

	2003–04				2004–05			
	Milestones met		Grants acquitted		Milestones met		Grants acquitted	
	%	No.	%	No.	%	No.	%	No.
Commercial Radio Black Spots program	90	29	90	28	74	28	96	23

Figure 2.48 National Transmission Network residual funding pool milestones met and grants acquitted

Year	Milestones met		Grants acquitted	
	%	No.	%	No.
2004–05	79	11	100	5
2003–04	17	2	100	5
2002–03	33	3	100	8

Community broadcasting

Community broadcasting is not an application-based program. Funding to the community broadcasting sector is provided through the Community Broadcasting Foundation, an independent, non-profit company. In 2004–05, $7.489 million (including $150 000 paid in 2003–04) was paid to the foundation for allocation and distribution. As shown in figure 2.49, two grants for research projects funded in previous years continued to be administered in 2004–05.

In 2004–05, all milestones were met within the required timeframe, a significant improvement over previous years (see figure 2.50).

Figure 2.49 Community broadcasting grants

Year	Funded projects	Grants administered
2004–05	1	3
2003–04	2	2
2002–03	2	2

Figure 2.50 Community broadcasting milestones met and grants acquitted

Year	Milestones met		Grants acquitted	
	%	No.	%	No.
2004–05	100	5	100	2
2003–04	70	7	100	1
2002–03	0	0	100	1

Members of the Community Broadcasting team: l to r Jan Burns, Julia Roberts, Jen Levy, Gail Bennet

Community broadcasting training fund

The Community Broadcasting Foundation received $500 000 in May 2005 towards establishing a training fund. The foundation's board has established a new cross-sector training advisory group responsible for providing a formal implementation plan to determine the most efficient and effective way to distribute the funds. A consultant was engaged to assist in the formulation of this plan. The foundation expects to move into the operational phase early in the 2005–06 financial year.

Community broadcasting transmission support

The Community Broadcasting Foundation received $1.5 million in May 2005 to assist the sector with transmission, infrastructure and operational costs. To date, the foundation has held one round of funding. One hundred and ninety-eight community services located in urban, regional and remote centres across Australia received 189 grants.

Indigenous broadcasting

The Department administered 187 projects in 2004–05. These comprised 111 projects funded and 76 projects from previous years acquitted. As well, the Department processed 133 applications for funding in 2005–06 (figure 2.51).

Regional Equalisation Plan

The Department paid cash grants under the Regional Equalisation Plan totalling $660 000 in 2004–05, in line with the determined schedule. These comprised grants of $300 000 to commercial television broadcasters in the Broken Hill and Riverland markets, and a payment of $360 000 to Imparja Television, which broadcasts in remote, central and eastern Australia, to assist with significant equipment replacement costs in advance of its digital conversion.

NetAlert Limited

Total funding provided to NetAlert in 2004–05 was $1.466 million, which included $250 000 paid by the Australian Government Information Management Office. The funding consisted of $750 000 'core' funding and $46 000 for the budget estimates framework review, which enables NetAlert to meet its budget reporting obligations. A further $670 000 was made available under the National CyberSafe Program, a component of the Government's National Child Protection Initiative.

Figure 2.51 Indigenous broadcasting grants

	Applications processed	Funded projects	Grants administered
Indigenous broadcasting	133	111	187

The funding agreement between the Australian Government and NetAlert requires that annual funding allocated to NetAlert cannot be provided until the Department approves NetAlert's work plan.

High-quality and timely policy advice and ministerial services

The Department provided a wide range of direct support services to the Minister during the year. As shown in figure 2.52, the Department's performance in meeting agreed timeframes for this support generally improved over the previous year for this output area. The majority of correspondence received by the Minister on broadcasting issues related to the national broadcasters' programming decisions, coverage of news and current affairs, funding, and matters regarding the programming of commercial television broadcasters, including captioning and sports coverage.

In addition to the policy issues discussed under the performance indicator for Outcome 3, the Department's policy advice included a range of policy, program and operational matters. These included completing a major program of reviews.

During the 2004 election campaign, the Government committed to reforming Australia's media ownership laws while protecting the public interest in a diverse and vibrant media sector. The Department undertook a number of statutory reviews into the digital television regulatory framework during the year. They involved the consideration of some of the key regulatory structures which shape Australia's television sector.

A key challenge is to develop reforms that will provide more flexible and dynamic regulation of media and its ownership while ensuring the preservation of diversity

Figure 2.52 Advice provided within agreed timeframes

| Type of advice | 2003–2004 | | 2004–2005 | | 2003–04 to 2004–05 |
	Number	Provided within agreed timeframe (%)	Number	Provided within agreed timeframe (%)	Change of % on time
Ministerial correspondence	1940	56	877	68	+12
Briefings					
- Minutes initiated by Department	251	n/a	262	n/a	
- Meeting briefs	98	83	68	86	+3
Question Time briefs	205	57	156	82	+25
Parliamentary questions on notice	64	27	36	34	+7

in this critical sector. The Department provided extensive analysis and briefing on the various elements of the package and their implications for media structure in Australia.

The Department also completed a review of the viability of creating an Indigenous television broadcasting service. The report of this review will be tabled in parliament early in 2005–06.

The Department undertook an extensive public consultation as part of the process for developing a policy and regulatory framework for the introduction of digital radio in Australia. Interested parties were invited to provide submissions in response to an issues paper that was released in December 2004, and a series of discussions was held with all major stakeholders. The Department received 24 submissions responding to the issues paper. It is expected that the Government will announce an implementation framework for digital radio in 2005–06.

A major review of the regulation of 'convergent' content was conducted during the year. The review focused on the appropriate measures to address community concerns about offensive or illegal content delivered to new and emerging communications devices such as 3G mobile phones. The review also considered issues associated with inappropriate contact potentially arising from new services available on such

devices. Implementation of any review findings will be a focus of 2005–06.

In February 2005, the Department finalised its report to the Minister on the review of Australian and New Zealand content on subscription television broadcasting services. The report of the review, including the Government response, was tabled on 16 March 2005.

The continued availability of sporting events of national significance on free-to-air television is a priority for Government and an important policy issue on which the Department advises. The *Broadcasting Services (Anti-siphoning) Act 2005* amended the anti-siphoning regime to extend the period in which events on the anti-siphoning list were automatically removed from the list, to give subscription television more time to plan the coverage of events that would not be shown on free-to-air television.

Ongoing advice was provided to the Minister on issues relating to the accountability and governance of the national broadcasters, including national broadcaster complaints-handling. The Department facilitated the expansion of digital television services by the national broadcasters by processing digital implementation plans associated with the rollout of 60 ABC services and 75 SBS services. The Department provided advice on proposed new digital television transmission and distribution contracts for SBS.

SECTION 2

The Broadcasting Legislation Amendment Bill (No.1) 2005 was introduced into parliament on 23 June 2005. The Bill amends the *Broadcasting Services Act 1992* and the *Radiocommunications Act 1992* to provide a framework for the conversion of commercial television broadcasting services in remote Western Australia (designated as all areas outside Perth) from analogue to digital.

Under this model, Western Australians living outside Perth will receive a new, third digital television service. It will provide them, for the first time, with a level of services similar to those currently enjoyed by viewers in Perth. The Department also discussed digital conversion with commercial television broadcasters in remote, central and eastern Australia.

The Department coordinated the development of advice for consideration by Government on a range of radiocommunications matters, including legislative instruments required for the auction of spectrum for broadband wireless access services.

Effective client service and consultation

The Department has conducted consultative exercises during the year to assist with the analysis of sectoral policy issues. These consultative processes took various forms, such as seeking comment on discussion papers, and liaising with key stakeholders.

Calls for submissions in response to information or discussion papers were publicised widely, through advertisements in print media, by direct invitations to key stakeholders, through media releases, and via the Department's website.

During the reporting period the Department released consultation papers for four statutory reviews of the digital television regulatory framework, and on content on convergent devices and the introduction of digital radio in Australia. Submissions were also received on reviews of regulatory restrictions on additional programming provided by free-to-air broadcasters, and creation of an indigenous television service. The number of submissions received in response to the reviews is set out in figure 2.53.

The Department consulted regularly with the Australian Broadcasting Authority and the Australian Communications Authority on broadcasting and radio communications matters. The Department also consulted with relevant broadcasters to develop the framework for the digital conversion of remote area television broadcasting.

The Department is responsible for the administration of a number of broadcasting funding programs which require a high level of client focus and cooperation to ensure that these programs achieve their objectives. An evaluation of the Television Black Spots program conducted by the Department's

Research, Statistics and Technology Unit revealed a high level of responsiveness to applicants by the TV Fund Unit staff.

The highly facilitative approach to project application and management by the TV Fund Unit was important, as most applicants had no expertise or experience in television broadcasting technology.

The Department receives numerous public queries about aspects of the broadcasting regulatory regime, ways to redress poor television and radio reception, and digital broadcasting technology, products and services. The Department's annual client survey revealed that 95 per cent of the 39 broadcasting clients surveyed are satisfied with the services provided, a slight reduction from the 98 per cent of 90 clients satisfied in the previous year.

Compliance with accountability standards

The Department's Research, Statistics and Technology Unit finalised an evaluation of the Television Black Spots program. The evaluation found that key stages in designing the program met better-practice standards including the identification of needs, consideration of the technical options in a scoping study, and consultation with key stakeholders. Frequent contact was maintained with all grant recipients to ensure reporting and other accountability requirements were met.

SECTION 2

Figure 2.53 Broadcasting reviews

Review subject	Consultation paper issued	Number of submissions received
The regulatory restrictions applying to the additional programming provided by free-to-air broadcasters, including multichannelling	May 2004	38, plus some supplementary submissions
The viability of creating an Indigenous television broadcasting service	May 2004	49, plus almost 400 emails
Convergent content review	July 2004	19
Matters relating to the end of the moratorium on the issuing of new commercial television licences, which concludes on 31 December 2006	July 2004	18
The efficient allocation of spectrum for television and datacasting services	December 2004	13
The operation of legislation related to markets with only one or two commercial television broadcasters	December 2004	9
Introduction of digital radio in Australia	December 2004	24
The high-definition television quota	May 2005	25

A financial audit of the Commercial Radio Black Spots program was also undertaken in 2004–05. The objective of the financial audit was to determine, to an adequate level of confidence, that the recipients of program funding were spending the funds in line with the requirements of the funding agreement. The consultant found that the recipients had spent funds in accordance with the terms of the funding agreements.

During 2004–05, stringent new reporting requirements were established to enable adequate monitoring of the implementation of the new community broadcasting training and transmission funding programs.

Research and analysis activities contribute to policy development

Internal research activities draw on both subscriptions to relevant printed and online journals and participation in industry forums to build a strong understanding of domestic and international developments. For example, the Department's representation on the Electromagnetic Energy Reference group, the International Radio Communications Advisory Committee and the Radiocommunications Consultative Council means that it is well placed to develop considered policy advice on radiocommunications issues.

Where appropriate, expert consultants are engaged for specialised research projects. During the year a consultant was engaged to provide advice on the infrastructure costs associated with digital radio transmission in Australia and another on the economic impacts of allowing free-to-air television broadcasters to offer additional services such as digital multichannels.

In both 2002–03 and 2003–04, the Department provided the Community Broadcasting Foundation with funding for multi-year national audience research projects to produce the first comprehensive picture of community radio and television audiences in Australia. The Department's Research, Statistics and Technology Unit provided technical advice in relation to these projects. The results of the quantitative audience research project were announced late in 2004 and the Department and the Government are using them to help formulate, implement and evaluate community broadcasting policy.

Targets for processing times met

In accordance with program funding agreements, payments are to be made within either 30 days or 20 working days of signing an agreement, and within 30 days or 20 working days of progress reports being accepted by the Department.

During 2004–05, 224 payments were processed and on average these payments were made within 11 days,

an improvement of four days over 2003–04. Fourteen payments (6.25 per cent) were not made within the requisite timeframe nominated in the relevant funding agreement. This represents a small improvement over 2003–04.

Highly effective budget management

As identified in the resources for the outcome table on page 94, the overall price of output 3.2 was $251 000, or 1.32 per cent, below budget.

In 2004–05, $5.339 million of the $7.489 million provided through the Community Broadcasting Foundation

for community broadcasting sector was paid from departmental appropriations. Commencing in 2005–06, all payments to the foundation will be made from administered appropriations. This change will provide greater transparency of Government funding of the community broadcasting sector.

Managers conduct a regular evaluation of budget outcomes, and commentary on variations between budget and expenditure is provided to the Department's Executive Management Group on a monthly basis. The commentary also includes forecasting of budget trends where possible.

SECTION 2

Teacher Luke Forgie with a student at remote Jilkminggan school in the Northern Territory; they are participating in a lesson from Katherine School of the Air, using two-way satellite equipment funded through the National Communications Fund

Output 3.3

Policy advice and program management that assists the development of the information and communications technology industry

High-quality program funding and grant administration

Advanced Networks Program, National ICT Australia and ICT Incubators

New funding agreements under the Advanced Networks Program were negotiated and signed with each of the three projects, CeNTIE, GrangeNet and m.Net, reflecting the additional $21 million funding provided for the program for the three years commencing 2004–05. Administration of the funding agreements continued during the year and all 28 milestones were met.

The Department and the Australian Research Council continued to administer funding for the ICT Centre of Excellence, National ICT Australia, comprising $124.8 million over 2001–02 to 2005–06.

Under the ICT Incubators Program eight funding deeds were administered in 2004–05. These were multi-year deeds signed in 2004–05. Up to 31 March 2005, 100 per cent of the originally agreed 49 milestones were met.

Figure 2.54 High-quality program funding and grant administration

Program	Expenditure $m
Advanced Networks Program	8.0
National ICT Australia	17.2
ICT Incubators	12.6

Intelligent Island and Comtechport

While all moneys under the Intelligent Island and Comtechport programs had been paid to the Tasmanian and Victorian governments respectively by June 2003, the ongoing projects continue to be monitored by the Department.

Case study

National ICT Australia

National ICT Australia (NICTA) can be regarded as Australia's premier information and communications technology R&D and education facility. It is helping to coordinate public sector information and communications technology research and development across Australia.

National ICT Australia has five major laboratories supported by its members and partners. Its work complements information and communications technology R&D activities by other public sector organisations like the CSIRO, cooperative research centres, the Defence Science and Technology Organisation, and tertiary institutions.

The Government recognises that information and communications technology has important and growing linkages with most areas of the economy. It established the facility to create a critical mass of long-term and strategic ICT research activity that can provide a focus for investment attraction and technology transfer.

The facility now has more than 160 researchers in its five laboratories, working on over 40 research projects across 16 programs. There are more than 100 PhD students in its training program, and it has strong links to major domestic and international ICT research institutions and firms.

One of National ICT Australia's key outcomes is to increase national wealth, so its strategic research focus is founded on next-generation basic research, targeted at end uses and of clear potential benefit to the Australian economy.

It is planning large-scale projects which will address issues of clear national importance in areas such as e-government services, smart roads and water management.

A good example of the application of National ICT Australia's research is its collaboration with the NSW Roads and Traffic Authority to bring information and communications technology R&D into smart traffic and transport management systems that could lead to improvements in city traffic flows and consequent savings in energy usage.

The Smart Transport and Roads Project will demonstrate new systems and technologies capable of significantly improving the traffic management systems for the authority. The research will investigate things like real-time traffic control, traffic scheduling, sensors and surveillance, and advanced communications.

SECTION 2

NICTA program leader Prof. Peter Eades, centre, and Kensington Lab director Dr Terry Percival, left, at the launch of the new Visual information access room (VIAR) in NICTA's laboratory; the VIAR is assisting researchers to develop sophisticated 3D models of complex and new ways for people to interact with computers

High-quality and timely policy advice and ministerial services

The Department provided significant direct support to the Minister on ICT related matters.

Timeliness figures are measured against a two-week turnaround target.
This is the second year such performance information has been collected, and results for 2004–05 have shown improvements over the previous year's results in all categories (figure 2.55). Where figures appear to show less than ideal response times, delays were due to the complexities involved in developing quality policy advice and the need to consult with portfolio agencies and government business enterprises. The executive will continue to monitor response times and actively address areas with unusually long delays.

The key issues raised through ministerial correspondence included program implementation matters, and general information and communications technology industry development policy and assistance.

The Department supported a large number of meetings between the Minister and stakeholders, and provided advice on a range of policy issues. In 2004–05 these issues included:

- establishing a regular roundtable of public sector information and communications technology research organisations and an annual ICT Outlook forum for ICT researchers;

- negotiating the Government procurement chapter of the Australia–United States Free Trade Agreement, particularly as it pertained to access for ICT small and medium enterprises to the United States market;

Figure 2.55 High-quality and timely policy advice and ministerial services

| | 2003–04 | | 2004–05 | | |
Type of advice	Number	% on time	Number	% on time	03/04–04/05 Diff % on time
Ministerial correspondence	193	24	110	59	+35%
Briefings					
- Minutes initiated by Department	84	n/a	59	n/a	n/a
- Meeting briefs	62	87	33	90	+3%
Question Time briefs	79	62	85	68	+6%
Parliamentary questions on notice	1	0	0	n/a	n/a

- implementing ICT initiatives as part of the Backing Australia's Ability innovation package;

- advising on areas of industry concern such as skills demand and supply, employment, professionalism and ICT research and development; and

- providing background on key trends in the domestic ICT industry.

Effective client service and consultation

Consultation was undertaken through the Women in ICT Advisory Group, the Software Quality Accreditation Working Party and the ICT SME Joint Industry Government Working Party. The Department also consulted widely with industry and relevant government agencies on relevant programs and policy development including ICT incubators, industry development plans and the Government's policy to cap liability for suppliers in Australian Government ICT contracts.

The annual client satisfaction survey conducted by the Department found that 29 of the 30 people who responded to the survey and had dealt with the Department on information and communications technology matters were satisfied with the services provided.

Compliance with accountability standards

A range of funding programs is administered through output 3.3. In all cases, the Department builds on the better practice administration principles published by the Australian National Audit Office for the administration of programs. For example, it is standard practice to receive independently audited statements from grant recipients.

Research and analysis activities contribute to policy development

To ensure that the Department's policy advice is based on sound analysis and understanding of the information and communications technology sector, the Department conducts its own internal research and commissions external research as required to address specific issues.

In 2004–05, ICT-related research and analysis focused particularly on an improved understanding of the ICT innovation system and information and communications technology's broader economic contribution to innovation policy.

Key employment trends in the sector, the supply and demand for skills, and ICT research and development were tracked as a basis for providing policy advice. A joint government, industry and education sector advisory group is

SECTION 2

considering the findings of an information and communications technology skills foresighting study and other investigations undertaken by the Department into the ICT skills market.

External research undertaken in 2004–05 included: examining the level of involvement of small and medium enterprises in Australian Government ICT contracts, ICT production in Australian small and medium enterprises, the use of information and communications technology by manufacturing firms, electronics capability mapping, and a study of Australia's software industry and vertical applications markets.

Targets for processing times met

Targets for responses to reporting requirements and payment deadlines for administered items were met.

The Department was responsible for assessing the industry development component of the endorsed supplier arrangement administered by the Department of Finance and Administration until the end of 2004. From July to December 2004 the Department received 235 applications for assessment.

Of these, around 84 per cent were processed by the Department within four weeks of receipt, rising to 92 per cent within the target processing time of six weeks.

Highly effective budget management

As identified in the resources for outcome table on page 94, the overall price of output 3.3 was 3.2 per cent, or $257 000, above budget. This variation is mainly due to overhead allocation fluctuations as a result of final average staffing levels.

Managers conduct a regular evaluation of budget outcomes and commentary on variations between budget and expenditure is provided to the Department's Executive Management Group on a monthly basis. The commentary also includes forecasting of budget trends where possible.

Output 3.4

Policy advice and program management of copyright issues that encourage the production of content and promote reasonable access to research and cultural materials

Effective Commonwealth copyright administration

As a result of changes in administrative responsibilities, the Commonwealth Copyright Administration was transferred to the Attorney-General's Department on 1 March 2005. Up to that date, the Department had responded to 1100 requests to use copyright materials published by the Commonwealth. That is 13 per cent above the figure for the same period in the previous financial year.

The processing times for the handling of requests to use copyright materials published by the Commonwealth in 2004–05 were consistent with past performance and met the Department's client service standards.

High-quality and timely policy advice and ministerial services

Similar to the 2003–04 reporting period, the latter half of 2004 was dominated by the Australia–United States Free Trade Agreement implementation process. Timeliness figures for the reporting period (figure 2.5) show a decline on 2003–04. This may be partly due to the small sample size, but also reflects the rapidly changing legal and regulatory environment which necessitated a delay in processing some items.

Figure 2.56 High-quality and timely policy advice and ministerial services

Type of advice	2003–04		2004–05		03/04 – 04/05
	Number	% on time	Number	% on time	Diff % on time
Ministerial correspondence	103	48	18	34	-14
Briefings					
- Minutes initiated in DCITA	28	n/a	21	n/a	n/a
- Meeting briefs	12	60	5	100	+40
Question Time briefs	22	22	49	88	+66
Parliamentary questions on notice	2	50	0	n/a	n/a

During this time the Department provided numerous briefs on complex issues for the Minister and other Government agencies, including pay TV piracy and a range of matters associated with implementing the Australia–United States Free Trade Agreement. The Department continued to work with other agencies to interpret relevant obligations of the agreement and design new laws to implement those obligations in a manner consistent with the domestic legal framework.

The Department also actively responded to stakeholder concerns and representations in relation to the agreement implementation process, including through preparation of ministerial correspondence and briefs.

The Department continued to work on other amendments including Indigenous communal moral rights, film directors' rights, resale royalty, and Government reviews on subscription broadcast piracy, broadcast licence fees, the review of copyright exceptions and the 2001 Digital Agenda copyright amendments.

Effective client service and consultation

During the reporting period, the Department consulted with industry representatives, portfolio agencies, and other government agencies and departments.

In June 2005, the Department convened a forum to inform portfolio agencies on the Government's review of fair use and other copyright exceptions and to discuss key issues affecting portfolio agencies and the Department. The Department continued to work closely with the Attorney-General's Department throughout the reporting period, both before the change in copyright policy responsibilities and afterwards in fulfilling its new portfolio coordination and advisory responsibilities.

Compliance with accountability standards

Up until its transfer to the Attorney-General's Department in March 2005, the Commonwealth Copyright Administration processed requests for copyright permissions and licences in accordance with Departmental client service standards.

In 2004–05, the Department continued to work with the Attorney-General's Department and IP Australia to develop a whole-of-government approach to intellectual property management in response to the Australian National Audit Office Report No. 25, *Intellectual property policies and practices in Commonwealth agencies*. As part of this process, the 2001 IT/IP Guidelines will also be reviewed and incorporated within a broader intellectual property manual for Government agencies.

In line with the streamlined copyright responsibility arrangements, responsibility for this issue has now passed to the Attorney-General's Department. The Department will remain actively involved, however, in developing the whole-of-government approach, particularly as it relates to the information technology sector.

Research and analysis activities contribute to policy development

Research and analysis activities form an essential part of the policy process. During the reporting period, the Department researched libraries and archives practices, legal and policy issues on the 'fair use' of copyright material, resale royalty schemes, and copyright laws and practices in our major trading partners. The results of the research informed the Government's approach to recent copyright policy reforms.

Targets for processing times met

Before its transfer to the Attorney-General's Department on 1 March 2005, the Commonwealth Copyright Agency responded to 1100 inquiries and request for permission to use copyright materials published by the Commonwealth. Of these requests, approximately 65 per cent were finalised within one working week of receipt. This met the Department's client service standards.

Highly effective budget management

As identified in the resources for the outcome table on page 94, the overall price of output 3.4 was 12.2 per cent, or $330 000, below budget due to lower-than-anticipated expenditure on staffing and travel.

Managers conduct a regular evaluation of budget outcomes, and commentary on variations between budget and expenditure is provided to the Department's Executive Management Group on a monthly basis. The commentary also includes forecasting of budget trends where possible.

SECTION 2

Case study

Epicorp ACT—mentoring the Locata Corporation

The ICT Incubators Program provides seed capital and business advice to selected information and communications technology start-up companies across Australia to help them accelerate their growth and development.

Since the ICT incubators were established in 2000, they have supported more than 375 information and communications technology start-up companies and raised more than $171 million in private co-investment.

The Canberra-based company Locata Corporation is one such company. Locata has developed a location positioning system that builds on global positioning systems from satellites.

Locata's prototype uses signals received from a local positioning network (LocataNET) to determine a user's location even through barriers like walls and ceilings that normally block out satellite reception.

Precise measurement of position regardless of obstacles has significant applications in areas such as urban transport, search and rescue, warehouse stock control, and in-car guidance systems, to name just a few.

Locata is commercialising its radiolocation technology with the aid of the information and communications technology incubator company Epicorp, and has already obtained its first commercial orders including some international sales.

Besides providing funding, incubators such as Epicorp offer a range of services to help companies achieve their potential. They can help a company's senior management with corporate growth strategies, go on a company's board, help with strategic and business planning, advise on corporate governance, help develop a forward financing plan and help the company develop a network of contacts for raising additional funds.

In May 2005, Locata received an R&D Start grant to refine and miniaturise its technology for mobile handsets.

Locata's idea shows every sign of combining successfully with venture capital and strategic advice to produce a home-grown technology product with enormous commercial potential both here and overseas.

Locata Corporation founders Nunzio Gambale, l, and David Small, c, showing a Locatalite prototype to Senator Gary Humphries, who presented the company with a $4.93 million R&D Start grant

Output 3.5

Strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally

High-quality program funding and grant administration

Information Technology Online program

Information Technology Online is a competitive funding program designed to accelerate national adoption of e-business solutions, especially by small and medium enterprises. More than 100 applications were received in two funding rounds held during 2004–05. Round 12 funded four projects to the value of $683 000 from the health and electronics sectors, with two projects based in regional areas. Round 13 funded five projects to the value of $820 000 from the viticulture, agriculture, arts, manufacturing and community sectors.

During 2004–05, $1.87 million in funding was provided to ongoing projects. Projects are funded in accordance with individual funding agreements and continued funding is based on performance. Interest in the program was strong: at the end of 2004–05 there were 2867 email subscribers to *ITOL News* compared to 2582 in 2003–04.

Funding agreements for nine new projects involving 51 organisations were finalised

in 2004–05. A total of 19 projects from rounds 8, 9, 10 and 11 were completed in 2004–2005. Two additional case studies of successful Information Technology Online projects are available on the Department's website.

The program is funded as part of the Government's 2001 innovation statement, Backing Australia's Ability. The program is scheduled to conclude in 2006–07.

High-quality and timely policy advice and ministerial services

The Information Economy function of the Department provided all of its briefings to the Minister's office on time (figure 2.57). It performed well in dealing with ministerial correspondence, with 80 per cent of responses completed on time. This represented a 32 per cent improvement on results from last year. Seventy-two per cent of Question Time briefs were completed on time.

The Department coordinated a review of the existing Australian legislative framework to assess its coverage of the malicious practices associated with the

use of spyware. This included input from the Attorney-General's Department and law enforcement agencies. Advice on the review outcomes was provided to the Minister for consideration and publicly released in March 2005.

Effective client service and consultation

The Department has actively consulted with key industry stakeholders on a range of information economy policy issues. These include e-business, e-research, innovation policy, the contribution made by information and communications technology towards productivity, and statistical and other measurement issues. Meetings and briefings were held throughout the year seeking views of stakeholders.

According to the Department's client survey, overall satisfaction with the Department from within the information economy sector remained high (100 per cent) this year with all 33 respondents surveyed rating service as satisfactory or better. The division has maintained this excellent track record since last year (last year's survey results showed 100 per cent of the 28 respondents surveyed expressing a high level of satisfaction).

Community ICT transformation discussion papers

In February 2005 the Department released two discussion papers: *The role of ICT in building social capital* and *Communities and ICT: transforming the non-profit sector.* The papers were intended to stimulate public discussion and provide a basis for consultation on the social and community impacts of ICT. The papers had a companion set of 31 case studies. Interested parties were invited to provide submissions.

Thirty-five submissions were received from non-profit organisations, government departments, individuals and business. Meetings with interested parties were held in Canberra, Adelaide, Sydney and Melbourne.

Figure 2.57 High-quality and timely policy advice and ministerial services

	Information Economy				
	2003–2004		2004–2005		03/04–04/05
Type of advice	Number	% on time	Number	% on time	Diff - % on Time
Ministerial correspondence	171	48%	61	80%	+32%
Briefings					
- Minutes initiated in DCITA	54		58		
- Meeting briefs	15	87%	3	100%	+13%
Question Time briefs	45	58%	40	72%	+14%
Parliamentary questions on notice	1	0%	0	N/A	N/A

The submissions raised a broad range of social, technical and economic barriers to increased use of ICT in communities and in the non-profit sector. A public report was prepared on the consultation process and the main issues and recommendations raised in the submissions.

ICT skills foresighting project

The Government has established a formal process, in cooperation with industry, to examine new challenges facing Australia's information and communications technology sector and emerging areas of skills demand.

The ICT skills foresighting project will provide an analysis of emerging ICT skills requirements that could be used to inform the design of tertiary courses and on-the-job training programs. It will also inform the training decisions made by companies and workers so that Australian information and communications technology workers continuously improve their skills.

On 21 February 2005, the Minister announced the formation of the ICT Skills Foresighting Working Group. The working group is examining trends and future developments in Australia's ICT sector and their implications for skills development.

It includes a review of skills demand, the fit between industry skill needs and existing training, and possible options for better meeting the future skill needs of industry.

The working group held its first meeting in Sydney on 1 March 2005 and its second meeting in Melbourne in 1 June 2005.

Online consumer confidence and trust issues

A discussion paper addressing key spyware issues and possible responses was developed in close consultation with key industry stakeholders. The paper was released in May 2005 and was supported by a series of public workshops held in each capital city.

The workshops were designed to gather feedback about the issues raised in the discussion paper, the challenges associated with spyware, and potential elements of a broader spyware strategy. The workshops were widely advertised through the print media, direct invitations to key stakeholders, media releases and information on the Department's website.

Spam

The Department, in conjunction with the Australian Communications Authority, worked through several international processes to ensure that as many countries as possible act against unsolicited electronic messaging ('spam'), thereby reducing the problem for Australian Internet users. These included development of anti-spam resources through the Organisation for Economic Co-operation and Development, where a departmental official chairs a Task Force on Spam; participation in workshops conducted by the International

Telecommunication Union; and initiatives to improve coordination between these bodies.

e-Security policy

The increasing reliance of business on the Internet has increased its vulnerability to online threats. Many small and medium enterprises do not have sophisticated information technology to deal with security issues and threats such as a denial of service attack, viruses, hacking or theft of confidential or business information.

The e-Security Coordination Group, chaired by the Department, is the Australian Government's core policy development and coordination body on e-security matters. The group focuses on e-security research and development and skills issues, as well as the need to raise Internet security awareness.

In August 2004, the Department published an online security guide for small businesses, *Internet security essentials for small business*, available on the Department's website at *www.dcita.gov.au/ie*

There is currently no widely accepted or consistent framework for e-security qualifications and skills recognition in the Australian marketplace. In May 2005, the Department commissioned SIFT Pty Ltd to conduct a detailed study and consult with industry on the feasibility of

an information technology security skills accreditation scheme in Australia.

The Department is working with the Internet Industry Association on a scoping study to identify the benefits of a federated model for electronic authentication, to address potential barriers and problems and to engage industry stakeholders.

Departmental officials chaired the e-Security Task Group of the Asia–Pacific Economic Cooperation (APEC) Telecommunications Working Group and served as vice-chair of the Organisation for Economic Co-operation and Development (OECD) Working Party on Information Security and Privacy. The Department is also represented on the International Steering Committee of the International Organisation for Knowledge Economy and Enterprise

Kelly Mudford of the Online Environment team handing out publications at a spyware forum

Case study

Protecting Australia's critical infrastructure

With much of Australia's critical infrastructure privately owned or operated, the Australian Government has established the Trusted Information Sharing Network to enable owners and operators of critical infrastructure to share information in a trusted environment.

One of the groups in the network is the IT Security Expert Advisory Group, chaired by the Department. The expert group provides strategic guidance to the network on the IT security elements of critical infrastructure protection.

The expert group has identified the e-security aspects of supervisory control and data acquisition (SCADA) systems as an important issue for many critical infrastructure organisations. The systems are used for remote monitoring and control in the delivery of essential services and products such as electricity, natural gas, water, waste treatment and transportation.

In the past, these systems were mostly stand-alone and because of this they were quite secure. However, as SCADA systems become increasingly integrated with technologies such as the Internet and wireless they are becoming more exposed to IT security threats.

In August 2004, the IT Security Expert Advisory Group established a SCADA community of interest with representatives from critical infrastructure sectors such as water, energy, transport and broadcasting.

The community of interest's first step was to develop advice for senior managers about the e-security of their own systems. In May 2005, it organised workshops around Australia which brought together owners and operators from a range of industries. The workshops, attended by more than 200 delegates, raised awareness about the security of supervisory control and data acquisition systems in critical infrastructure sectors.

Besides learning about IT security issues here and overseas, the participants identified risk management and assessment methodologies appropriate to SCADA systems as an important security issue. Training and education with regard to security needs and specific SCADA security research and development requirements were also among the topics discussed.

The community of interest's work on systems security is broadening to include international collaboration. Australia already has a productive working relationship with the United Kingdom, and has recently established an international working group on SCADA security with the United Kingdom, Canada, the United States and New Zealand.

Australia is also taking a leading role in raising the profile of SCADA security issues in international forums such as the Organisation for Economic Co-operation and Development and Asia–Pacific Economic Cooperation.

Development's global trust centre project. Support was provided to the steering committee for a feasibility study into the market for authentication in international digital transactions.

Critical infrastructure protection

The Department has worked closely with the critical infrastructure sector to raise awareness about security aspects of critical infrastructure protection and has facilitated networking and information sharing between owners and operators of critical infrastructure.

The IT Security Expert Advisory Group, chaired by the Department, undertook a range of work, including:

- advising critical infrastructure owners and operators on vulnerabilities associated with wireless applications;

- providing advice within the Trusted Information Sharing Network on improving security in supervisory control and data acquisition (SCADA) systems;

- establishing a community of interest across a number of Trusted Information Sharing Network sector groups (including energy, water, transport and communications) with an interest in supervisory control and data acquisition issues;

- organising four workshops on supervisory control and data acquisition e-security around Australia in May 2005. The workshops were attended by more than 200 participants; and

- providing input into the assessment of computer network vulnerability assessment project applications with an IT security focus.

Members of the Critical Infrastructure team reviewing the SCADA workshop program: l to r Tony Wein, Kate Day, Sabeena Oberoi, Thomas Pietsch, Peter Beaver

The Department also provides secretariat support for the Communications Sector Infrastructure Advisory Group which, during the reporting period:

- developed a risk management framework addressing risks arising from all hazards in the telecommunications, postal and broadcasting sectors;

- worked with the Emergency Services Infrastructure Assurance Advisory Group to help establish broadcasters' priorities in an emergency situation;

- worked with the National Oil Supplies Emergency Council to ensure that the requirements of the communications sector are considered in prioritising distribution of liquid fuel in an emergency situation; and

- worked with the Attorney-General's Department to develop a risk context statement, focusing on terrorist threats to the telecommunications sector, for wide distribution within the sector.

National Broadband Strategy Implementation Group

The implementation of the National Broadband Strategy (released in March 2004) is being overseen by the National Broadband Strategy Implementation Group.

It is a high-level, cross-jurisdictional working group with representatives from all levels of government and is a focal point for coordinating government broadband activities. The group reports to Online Council. Online Council is a Commonwealth–state min+isterial council, which exists under the umbrella of the Council of Australian Governments.

The first yearly update from the group covering its activities and progress against the key performance indicators was released in early 2005 and published on the Department's website at *www.dcita.gov.au*

The report shows that Australia has the fifth fastest broadband take-up rate amongst Organisation for Economic Co-operation and Development countries in the period December 2002 to June 2004.

A 102.7 per cent increase in household subscribers indicates that broadband has entered the rapid-growth phase typical of the standard pattern of adoption for new technologies. Similarly, small business take-up of broadband has grown vigorously, according to Pacific Internet Broadband Barometer, with an estimated 52 per cent of Internet-enabled small businesses using broadband at July 2004. This has been a 29 per cent increase over the past two years.

Compliance with accountability standards

The Information Technology Online program is consistent with better practice administration principles published by the Australian National Audit Office in *A better practice guide for the administration of grants*, May 2002.

The Department maintains frequent contact with grant recipients to ensure that reporting requirements are met. An evaluation of rounds 6 to 11 of the program was conducted by the Department's Communications Research Unit but not finalised by the end of the reporting period.

Research and analysis activities contribute to policy development

The information economy

The Department produces a number of statistical publications on the information economy. *The Current State of Play 2004*, available at *www.dcita.gov.au* <ie<benchmarking, was published in December 2004. It has been a useful tool for disseminating information about the development of Australia's information economy.

The Department also produces an annual information economy index to monitor and report on Australia's progress compared

Online Council members: back row l to r Shane Gilbert (ACT), Cr Paul Kelly (WA), Richard Galton (NT), Senator Eric Abetz, Chris Cummins MP (Qld), middle row Karlene Maywald MP (SA), Marsha Thomson MLC (Vic), Lara Giddings MHA (Tas), front row Alan Carpenter MLA (WA), Senator Helen Coonan

to other countries. The index benchmarks Australia's performance in the global information economy, presenting statistical indicators relating to readiness to participate in the information economy and intensity of participation.

As at 30 June 2004 (the most recent data available), 85 per cent of Australian businesses had access to a computer, 74 per cent were connected to the Internet and 25 per cent had a web presence. The estimated volume of Internet income for business in the 12 months to 30 June 2004 was $33 billion (up from $24.3 billion in 2002–03), equivalent to four per cent of gross domestic product (up from 3.2 per cent).

Household use of the Internet continues to grow, increasing to 62 per cent in the fourth quarter 2004 (up from 58 per cent the previous year).

Strategic framework for the information economy

Australia's *Strategic framework for the information economy 2004–06: opportunities and challenges for the information age* was released by the Government in July 2004. It provides the policy platform to address new challenges to Australia's position as a leading information economy.

The framework sets out four key priorities and 16 supporting strategies that focus on a whole-of-government agenda to ensure the ongoing development of Australia's information economy.

The Department is conducting a review of the framework which will be completed by December 2005.

e-Research

e-Research is the term used to describe the impact that recent developments in information and communications technologies is having on the conduct of all forms of research. The term has particular application in describing large-scale projects involving very high levels of bandwidth capacity, computational power and data storage.

It can involve access to very large data collections, complex simulations, high performance visualisation back to the individual users, and virtual research organisations.

On 23 May 2005 the Minister, together with the Minister for Education, Science and Training, announced the formation of an e-Research Coordinating Committee. The committee will bring key stakeholders in the research community together and provide policy direction for the transformation of Australia's research environment. The formation of the committee meets the Government's election commitment to implement a coordinated structure for e-research in Australia based on the United Kingdom e-science program.

Business angel networks

A Government election commitment was to investigate the operation of

business angel networks in Australia and identify what could be done to support their development. Business angels are individuals who invest capital in, and bring management expertise to, new enterprises with growth potential.

The Department has begun an investigation which will explore the reasons for the apparent absence of angel investors in Australia, as well as the measures taken in other countries to encourage angel investment, especially measures to encourage the formation of angel networks.

The investigation has involved consultations with experienced industry experts, interest groups and state government representatives, a review of the relevant literature, and an examination of relevant policies and programs in other countries. The report of the investigation will be finalised in 2005–06.

ICT and productivity

During 2004–05, the Department continued its research program into information and communications technology and productivity growth, with in-house research supplemented by a number of consultancies. This research found that information and communications technology is an enabler, a necessary but not sufficient condition for productivity growth.

The Department published *Achieving value from ICT: key management strategies,* the result of a partnership between IT consultants Opticon and the Australian National University's National Centre for Information Systems Research. The report found that the benefits of information and communications technology can be maximised through informed investment and openness to organisational transformation.

The report's complete data set has been made available online to encourage further research on ICT use in the academic and business community. A companion booklet has also been published which carries the key messages of the report in a readily accessible format appropriate for the small and medium enterprise sector.

Over the next 12 months, the Department will continue its research program and will publish several reports on the impact of information and communications technology on business performance and economic productivity.

Small business

The Department's focus for small business and the information economy has been on trust, security and interoperability.

The Department launched *Internet security essentials for SMEs*, a publication with a range of e-security resources, in August 2004. Funding and other support was provided for an e-security roadshow,

managed by the then Australian Communications Authority, which targeted small and medium enterprises in major cities and regional areas.

Information resources for small and medium enterprises have been made available through the *e-business guide* website (*www.e-businessguide.gov au*) and associated publications. The Department is working with the Centre for Collaborative Business Innovation at Swinburne University TAFE to extend and promote the e-business guide through the use of an interactive, 'customisable' training aid that facilitates self-assessment and produces an e-business plan.

The Department has also commissioned the production of targeted e-business statistics by the Sensis company, which will be available in 2005–06.

Strategic e-business

At the international level, the Department provided funding support for Australian industry participation at meetings convened by the United Nations Centre for Trade Facilitation and Electronic Business. It is the agency responsible for ensuring open, interoperable standards for electronic business.

Continued sponsorship has ensured ongoing industry involvement in its e-business standard-setting processes. The Department has been working with industry to develop a framework of

e-business standards known as BizDex. The framework has the potential to achieve interoperability across supply chains and to generate efficiency gains for all participants in that supply chain. The Department is seeking to establish an industry-driven entity to manage BizDex in 2005–06.

Teleworking

The Government committed in the 2004 election to establishing a teleworking taskforce consisting of government agencies and industry and small business representatives. This taskforce was to advise on the development of telework for employees and businesses and options for action. The Australian Telework Advisory Committee has been established and held its first meeting on 31 March 2005. The committee's secretariat held public consultations, conducted stakeholder interviews and called for public submissions from April to May 2005. The committee will finalise a report to Government, including an analysis of drivers and impediments to telework uptake and recommendations on what the Government's role could be, by February 2006.

Online consumer confidence and trust issues

In February 2005 the Department joined 30 members of the International Consumer Protection and Enforcement Network in an annual sweep of the Internet to target

fraudulent and deceptive scams spread through spam and spyware.

The Department also participated in a questionnaire on spyware coordinated by the Asia–Pacific Economic Cooperation e-Security Task Group. The questionnaire was designed to assist in identifying possible future work within the organisation to aid member organisations developing policy responses to spyware.

International cooperation on spam countermeasures

A departmental officer was seconded to the Organisation for Economic Co-operation and Development (OECD) to lead the development of a program of work to facilitate international cooperation against spam.

This resulted in a framework for an anti-spam toolkit to aid the development of anti-spam policies and strategies, and the London Action Plan, an information network for better international spam enforcement cooperation.

A taskforce comprising international experts was subsequently formed to continue work within the OECD, and a departmental officer was elected to chair this task force.

e-Security

The Department commissioned a report from the Commonwealth Scientific and Industrial Research Organisation (CSIRO) on the use of web services security technologies. The final report was received in May 2005.

In May 2005, CSIRO provided the Department with its final report on web services security. The report provides an overview of web services and details of its prototype development.

The Department has worked with international bodies such as the National Infrastructure Security Coordination Centre in the United Kingdom to research security aspects of supervisory control and data acquisition (SCADA) systems. The Department is currently working with the centre to develop a joint Australia–UK SCADA portal.

The Department also commissioned KPMG to undertake a study of security matters relating to the use of voice over Internet protocol and related Internet-based telephony services that may be implemented by the owners and operators of critical infrastructure in Australia.

Timely advice

Online Council and Online Council Standing Committee

An Online Council meeting scheduled for late 2004 was postponed due to the federal election and machinery of government changes. The Online Council

Standing Committee met in April 2005 to organise details for the August 2005 Online Council meeting.

A review of the Online Council, as required by the Council of Australian Government protocols, commenced in May 2005. The Online Council secretariat will provide a report on the review to Online Council in August 2005.

Highly effective budget management

As identified in resources for outcome table, the overall price of output 3.5 was below budget. This lower-than-budgeted allocation of Departmental support appropriation revenue was primarily due to overhead allocation fluctuations as a result of final average staffing level balance

Managers conduct a regular evaluation of budget outcomes, and commentary on variations between budget and expenditure is provided to the Executive Management Group on a monthly basis. The commentary also includes forecasting of budget issues where possible.

SECTION 2

Management and accountability

SECTION 3

Management and accountability

The Department's three corporate areas, Corporate and Business Division, Legal Group and Finance and Budgets Group provide operational support and strategic advice to the executive and to staff. Issues covered include areas such as procurement, human resources, governance, public relations, whole-of-government policy coordination, parliamentary liaison, resource management and budgeting, legal advice, freedom of information, records management, and information technology.

Indigenous program delivery

On 1 July 2004, as part of new administrative arrangements for the delivery of Indigenous programs, the Department assumed responsibility for Indigenous programs in four areas: broadcasting, sport and recreation, language, and arts and culture. These programs were transferred with an annual budget of approximately $42 million from the former Aboriginal and Torres Strait Islander Services agency. Eighty-nine staff, 70 of whom were located in the newly-established Indigenous coordination centres in regional and metropolitan areas around Australia, were transferred to the Department to manage the programs and provide corporate support.

To ensure that priority was given to the important task of integrating the transferred programs with those of the Department, a high-level steering committee chaired by the Secretary was established to oversee the integration process.

A major priority for the Department was to establish an effective regional network to support and monitor the programs. This was particularly challenging as the Department had formerly been Canberra-based, without a state or regional network. In addition, the staff transferred to the Department were relatively junior, 43 per cent being at or below the APS4 level.

The network structure was reviewed and a revised regional network structure was developed and established in November 2004. This was necessary to ensure that the Department could participate actively in the various Commonwealth–state manager forums and liaise closely with Indigenous coordination centre managers on all aspects of whole-of-government program delivery, particularly shared responsibility agreements.

The revised structure includes a state leadership team with a Canberra-based regional network manager to oversee overall operations, and an EL2 state manager and at least one EL1 assistant

state manager in every state except Tasmania, which is managed from Victoria.

Operationally, the Regional Network has been incorporated into the Corporate and Business Division.

Corporate governance

Overview

The Department continued to strengthen its corporate governance arrangements during 2004–05. One of the key achievements has been the development and/or revision of the following key management plans and policies.

- Corporate Plan 2005–08

- Fraud Control Plan 2005–07

- Evaluation Plan 2005–08

- Business Continuity Plan

- Workplace Diversity Plan 2004–05

- Eliminating Workplace Harassment Plan 2004–05

- Chief Executive Instructions and Procedural Rules

A comprehensive performance reporting regime, which builds on the work started in 2003–04, was established in 2004–05. It introduced quarterly non-financial performance reporting, new workforce statistics reports and revised evaluation planning. These arrangements complement the existing framework—monthly financial reporting and an annual client service survey that provides feedback on service delivery—and now provide the Department with a holistic performance reporting framework.

A detailed reference, *A practical guide to program administration*, was finalised during the year. The guide provides a coordinated approach to improve the overall standard of program management in the Department and help it meet

SECTION 3

Indigenous Network members: standing l to r Maralyn Leverington (SA), Rhys George (WA), Tim Cornforth (ACT), Franz Kriven (Vic), seated Margaret Brookes (NSW), Kerry Rose (NT), John Tatten (Qld)

external accountability requirements. The guide is based on the Australian National Audit Office's *Better practice guide on grants administration.* It outlines practical principles and techniques for all phases of a program's lifecycle from design to evaluation.

The guide is to be released in early 2005–06 as an interactive, hands-on tool on the Department's intranet. A training program is being developed around the guide and a series of case study based workshops will be created.

A comprehensive risk assessment was conducted and a revised Risk Management Plan 2005–07 was developed and will be submitted for approval in early 2005–06.

The Department also issued the Australian Public Service publication *Working together—principles and practices to guide the Australian Public Service to all staff.* It details the principles and practices for handling whole-of-government issues, and outlines ways that public servants from different agencies can work together. Significantly, one of the guide's objectives is to improve governance by ensuring constructive and open communication across portfolios.

Coordinating and senior management committees

Three cross-department coordinating committees were established during the reporting period to set directions for key issues across all areas of the Department.

- Strategic Policy (Secretary, deputy secretaries, General Manager Strategic Policy): coordinates the pro-active investigation of longer term strategic issues affecting the Department's policy environment.

- International (deputy secretaries, General Manager International): coordinates departmental involvement in multilateral and bilateral forums to advance Government policy objectives.

- Research (deputy secretaries, General Manager Research Statistics and Technology): coordinates the development of a departmental research program that supports policy and program activities.

In addition, eight senior management committees operated during the reporting period (see figure 3.1). The committees advise and support the Secretary and the Department's executive through strategic management, policy-setting and performance monitoring, evaluation and compliance.

The system of committee self-assessment, piloted in 2003–04, was formally established in 2004–05. The Secretary is given the results of the assessment each year to provide assurance that the committees are operating effectively.

The Workplace Diversity and Harassment Committee was established during the year to promote and drive the Department's commitments to workplace diversity and eliminating workplace harassment, and to monitor and report on the implementation of associated plans.

Figure 3.1 Senior management committees

Committee name	Role and activities	Membership
Executive Group *(meets about every three weeks)*	The Executive Group considers high-level strategic, managerial and operational issues. Issues discussed on an ongoing basis in this forum include succession planning and staff movements, corporate planning directions, training and development opportunities for staff, and whole-of-government issues.	The Secretary (chair), deputy secretaries and the Chief Operating Officer.
Executive Management Group (EMG) *(meets weekly)*	The Executive Management Group considers matters of corporate governance, accountability and operational effectiveness and monitors the financial performance of departmental and administered programs. It plays a key role in the Department's strategic planning and corporate performance monitoring, with a series of management subcommittees regularly reporting to the Group. In addition, the Executive Management Group receives regular reports on the status of Indigenous affairs issues involving the portfolio.	The Secretary (chair), deputy secretaries, General Counsel, all chief general managers, the Chief Operating Officer and the Chief Financial Officer.
Audit, Risk and Evaluation Committee *(meetings held 9 September 2004, 19 August 2004, 9 December 2004, 17 March 2005, 16 June 2005)*	The Audit, Risk and Evaluation Committee, in accordance with the FMA Act, provides independent advice to the Secretary on the Department's control frameworks, externally published financial information, and on compliance with statutory obligations. The committee considered a range of issues during the year, including the Department's 2005–06 Internal Audit Plan, Fraud and Risk Plans for 2005–07, business continuity, oversight of the ANAO and internal audit report recommendations, and the 2004–05 financial statements.	The Deputy Secretary Communications (chair), Mr Peter Kennedy, external member (Integrity Adviser Australian Taxation Office), Chief Operating Officer, General Manager Public Broadcasting, Chief General Manager Telecommunications, and Chief General Manager Arts and Sport. Representatives from the Australian National Audit Office, the Department's internal auditors (KPMG), the Chief Financial Officer and General Counsel attend committee meetings as observers.

Committee name	Role and activities	Membership
Workplace Consultative Committee (WCC) *(meetings held 26 November 2004, 24 March 2005 and 30 June 2005)*	The Workplace Consultative Committee was established under the Department's certified agreement as a mechanism to consult with staff and provide advice to management on workplace issues, oversee the implementation of the certified agreement and to provide input for the Department's successor agreement. The committee considered a range of issues including the review of the Committee's Charter, review of the performance management system, IT pre-conditions for salary increases and updated OH&S policies. Briefings were provided on the status of transition of insourcing of HR services, negotiation of a regional certified agreement, OH&S issues, Health and Safety Week, implementation of electronic records management, Indigenous recruitment strategy, and car parking.	Secretary (chair), Chief Operating Officer Corporate and Business, Chief Financial Officer, Manager HR Strategy, Manager HR Operations, elected staff representatives from each division, Old Parliament House, Regional Network, the Department's graduate program, and CPSU representation.
Occupational Health and Safety (OH&S) Committee *(meetings held 22 September 2004, 6 December 2004, and 6 May 2005)*	The OH&S Committee reports to the WCC on the Department's progress in meeting its OH&S responsibilities. The committee reviewed, discussed and made recommendations on a range of issues including the conduct of the Department's annual Health and Safety Week, incident and accident reports and actions, issues associated with the refurbishment of departmental premises. It also implemented OH&S guides for visitors to the Department's premises. The committee also reviewed OH&S policies and procedures on fitness for continued duty and rehabilitation and the Department's incident/dangerous occurrences and hazard reporting procedures.	General Manager, Sport (chair), Manager HR Operations and elected health and safety representatives from each designated work group (currently 12).

Committee name	Role and activities	Membership
Information Management Committee (IMC) *(meetings were held on 31 August 2004, 25 November 2004, 21 February 2005 and19 May 2005)*	The Information Management Committee provides strategic advice to the Executive Management Group on the management of the Department's information technology needs. The committee considered a range of issues during the year, including upgrades of the Culture and Recreation Portal and the electronic records management (TRIM) system and financial and budgeting (SAP) system, website and intranet infrastructure, and the development of a number of major departmental databases.	Chief Operating Officer (Chair), General Manager Information Technology and Facilities, Chief General Manager Broadcasting, Chief Financial Officer, General Manager ICT Industry, General Manager Film and Digital Content, General Manager Regional Communications Policy, General Manager Research, Statistics & Technology, Senior Advisor Legal Group and the Executive Coordinator.
Human Resource Management Committee (HRMC) *(meetings were held on 24 November 2004, 1 April 2005, and 20 June 2005)*	The Human Resource Management Committee (HRMC) was established to provide advice and strategic direction in the management of the Department's human resource needs. The HRMC guides the development of the HR Strategic Plan and is responsible for reporting to the Secretary and EMG on the management of the HR Strategic Plan. The committee considered a range of issues including the revised HR delivery model following cessation of the outsourced HR contract, future HR strategic directions, HR work program 2004–05, the departmental capability framework, the departmental Workforce Plan 2005–2010, the review of the performance management system, the graduate program 2006, code of conduct guidelines, and the State of the Service Report 2003–04.	The Chief Operating Officer (Chair), Deputy Secretary Arts and Sport, Chief General Manager Telecommunications, Chief General Manager Information Economy, General Counsel Legal Group, General Manager Digital Broadcasting and Spectrum Management, General Manager Creators' Rights and Access, General Manager Corporate Finance, General Manager HR and Communications, Manager HR Strategy and the Executive Coordinator.
Workplace Diversity and Harassment Committee (WDHC) *(inaugural meeting held 1 June 2005; future meetings to be held in October, February and June)*	The Workplace Diversity and Harassment Committee (WDHC) was established to promote and drive the Department's commitments to workplace diversity and eliminating workplace harassment and monitor and report on the implementation of the Workplace Diversity and Eliminating Workplace Harassment plans. At the inaugural meeting in June 2005, the Workplace Diversity and Harassment Charter was reviewed and the committee noted progress against the objectives of the WD&H plans. There was training for WD&H contact officers in April and it was agreed there would be follow-up training in August.	General Manager HR and Communications (chair), Manager HR Operations, and General Manager Old Parliament House. There are also three staff representatives from the Workplace Diversity and Harassment Committee contact officers' network.

SECTION 3

Corporate planning

A new Corporate Plan for 2005–08 was approved during the year to replace the 2003–06 plan and to reflect the functional changes within the Department since the release of the 2003–06 plan.

- It includes the addition of programs, policy and research functions relating to the information economy.

- The Indigenous Broadcasting, Sport and Recreation, Language, and Arts and Culture programs and the National Arts and Crafts Industry Support Strategy have been added.

- It takes into account the transfer of the whole-of-government intellectual property and copyright policy functions to the Attorney-General's Department.

To implement the Department's 2004–05 objectives, each division completed a business plan detailing the key divisional outputs and activities. These plans are closely interrelated with the Department's performance management system, which guides the management of both individual and team performance.

Audit, risk and evaluation

The Audit, Risk and Evaluation Committee met five times during the year and reported to the Secretary and the Executive Management Group after each meeting. During the year it focused on monitoring the evaluation framework, implementing business continuity management, reviewing compliance with the Australian Equivalent International Financial Reporting Standards, considering the 2005–07 Fraud Control and Risk Management plans, and overseeing Australian National Audit Office and internal audit report recommendations.

The governance section of the Department reviewed the committee's current practices against the *ANAO better practice guide on public sector audit committees.* The review indicated that the committee's operating arrangements were closely aligned to or exceed the better practice recommendations for the running and composition of an audit committee.

The committee's self-assessment for 2004–05 also indicated that it had performed well against all performance indicators.

Internal audit

The Department's internal audit services are provided by KPMG and monitored by the Audit, Risk and Evaluation Committee. The 2004–05 Internal Audit Plan was developed based on the Department's Strategic Audit Plan 2003–06, consideration of risk drivers in the Risk Management Plan 2004–05, and discussion with senior management.

Several internal audits were conducted during the year:

- security management at Old Parliament House;

- access to higher bandwidth services in regional areas;

- management of conflicts of interest;

- the security component of the Department's information technology environment;

- the application of *Regulation 10* of the *Financial Management Act 1997* to the Department, which is due to be completed early in 2005–06; and

- a quality assurance review of the Department's Chief Executive Instructions.

An audit of the Department's record management practices, which had started in 2003–04, was completed in 2004–05.

While a number of recommendations were made in relation to the various audits, no serious control breaches were identified. The Department's Audit, Risk and Evaluation Committee monitored the implementation of the reports, making quarterly status reports.

The internal auditor also undertook a number of additional assignments during the year, including a review of the Department's Client Service Charter, a quality assurance review of the transition to a new human resource system, and a review of Networking the Nation grant performance.

Risk management

During the year, the Department reviewed and drafted a revised risk management plan for 2005–07.

The updated plan was developed through a comprehensive bottom-up risk assessment approach consistent with the AS/NZS 4360:2004 risk management standard. The draft plan is to be considered by the Audit, Risk and Evaluation Committee and the Executive Management Group in early 2005–06.

The Department also revised its Business Continuity Plan, primarily to take account of the new IT support arrangements. After the revised plan was approved in April 2005, all managers and the business continuity team responsible for managing the Department's response if the plan is activated were trained on how to implement the plan.

The Department continued to participate in the annual Comcover benchmarking survey. Although there was no change in the Department's overall results, compared with those of other participating agencies from the previous year, the Department has shown improvements in implementing its risk management framework, insurance risk sharing, communication, training and awareness, and monitoring and review.

SECTION 3

Fraud control

The Department completed its biennial fraud risk assessments and released a new Fraud Control Plan for 2005–07 in accordance with section 45 of the *Financial Management and Accountability Act 1997* and the Fraud Control Guidelines 2002 issued by the Minister for Justice and Customs.

The 2005–07 plan takes into account functional changes in the Department since the release of the previous plan, and verifies the Department's general status as a low-risk agency. This assessment was based on the adequacy of the controls that are in place or are being implemented. The new plan was approved by the Secretary in June 2005.

The Department has in place appropriate fraud prevention, detection, investigation and reporting procedures that meet its specific needs and comply with the fraud control guidelines.

Evaluation

In line with the Department's evaluation framework, an evaluation program for 2005–08 was approved by the Executive Management Group in May 2005. The program will be monitored by the Audit, Risk and Evaluation Committee and will ensure that key programs are evaluated regularly.

The program will have 35 evaluations across all policy divisions from 2005 to 2008. It takes account of work being undertaken by external authorities such as the Australian National Audit Office. As part of the mainstreaming of Indigenous programs it is anticipated that the Department of Finance and Administration's Office of Evaluation and Audit may also audit or evaluate the Department's Indigenous programs in 2005–06.

During the reporting period, the Department carried out three evaluations:

- sports funding provided under Backing Australia's Sporting Ability;

- National Recreation Safety Funding; and

- evaluation of the Telecommunications Action Plan for Remote Indigenous Communities.

Ethical standards

The Department is committed to supporting and promoting the Australian Public Service (APS) Values and Code of Conduct in accordance with the *Public Service Act 1999*. There were major achievements in this area during the year.

- The APS Values and Code of Conduct were integrated into the Department's revised Corporate Plan 2005–08. All staff received copies of the APS Values and Code of Conduct.

- The Department's Workplace Diversity Plan 2004–05 and Eliminating Workplace Harassment Plan 2004–05 were developed, and copies were issued to all staff.

- Courses on the APS Values and Code of Conduct, and on capitalising on workplace diversity, were included in the Department's compulsory training program. In this reporting period, 12 staff attended a one-week graduate induction course, 14 staff attended a governance course, 56 staff attended three APS Values and Code of Conduct courses, eight staff attended a workplace diversity course, and 74 staff attended three Indigenous cultural awareness training courses.

- The APS Values and the Code of Conduct were part of the compulsory performance management processes.

- Managers were given a copy of the *Public Service Act 1999* to ensure that they understood the values framework of the 1999 Act.

- New Chief Executive Instructions, which establish the staff requirements in relation to the Financial Management and Accountability Act and Regulations, were completed and approved in December 2004. In addition to the Chief Executive Instructions, the following procedural rules were approved. They operate alongside the Chief Executive Instructions and give guidance on a

range of ethical issues:

- procurement of goods and services and reporting requirements for such activities;

- fraud control;

- incidents involving Commonwealth employees;

- property, including cash, found on Commonwealth premises;

- audit risk and evaluation;

- risk management;

- official hospitality and sponsorship;

- DCITA credit card;

- Cabcharge vouchers; and

- official travel.

The Department will continue to develop further initiatives in 2005–06 to improve awareness of ethical standards, including issuing a revised procedural rule on conflict of interest and on the receipt of gifts.

External scrutiny

The Australian National Audit Office issued a number of reports in 2004–05. Some involved the Department directly and others were of special or general interest to the Department. A key responsibility of the Audit, Risk and Evaluation Committee is to oversee the implementation of the recommendations contained in these reports.

2004–05 direct participation

Audits conducted by the Australian National Audit Office that the Department participated in directly during 2004–05 are set out below.

Report No. 6: Performance management in the Australian Public Service

Tabled: 5 August 2004

The Department was one of 63 agencies included in the audit. The report made three recommendations, two directed to the Australian Public Service Commission and one addressed to the Department of the Prime Minister and Cabinet, aimed at improving the overall management and administration of performance management in the Australian Public Service.

The Department agreed with the recommendations.

Report No. 13: Superannuation payments for independent contractors working for the Australian Government

Tabled: 28 October 2004

The Department was one of 34 organisations included in the audit. The audit made two recommendations, but only one related to all agencies:

'The ANAO recommends that Commonwealth organisations:

- determine whether existing administrative processes adequately control the risks of contracting with individuals where contracts are wholly or principally for labour;

- establish appropriate controls and processes where it is found that existing processes do not adequately control the risks of contracting with individuals; and

- address the risks that statutory superannuation obligations in past and current contracts have not been met.'

The Department has strengthened procedures to improve controls over the risk associated with contracts with individuals.

Report No. 15: Financial management of special appropriations

Tabled: 23 November 2004

The Department was one of 57 agencies surveyed to identify special appropriations but was not included in the detailed examination of management of selected special appropriations. Six recommendations were made, which the Department agreed with.

The Department is implementing the relevant recommendations of this report.

Report No. 22: Investment of public funds

Tabled: 18 January 2005

The objective of the audit was to examine the investment of public funds by

Commonwealth agencies. This involved the detailed audit of six agencies, which included the National Museum of Australia and the Special Broadcasting Service Corporation (SBS) and a desktop audit of other agencies including the Department. The report contained seven recommendations addressing compliance, value for money in investment strategies and financial reporting of the investment of public funds. The Department noted and supported the relevant recommendations of the report.

Report No. 27: Management of the conversion to digital broadcasting

Tabled: 15 February 2005

The audit was undertaken on the Australian Broadcasting Corporation (ABC) and the Special Broadcasting Service Corporation (SBS). The Department was involved due to its role in overseeing the two national broadcasters. There was one recommendation from the report to SBS that it adopt whole-of-project budgetary and expenditure reports for significant projects.

Report 46: Management of trust monies in CAC Act entities

Tabled: 31 May 2005

The audit involved five CAC Act entities, of which three were portfolio agencies (Australian National Maritime Museum, the National Gallery of Australia and the National Library of Australia), to determine whether the trust monies had been

correctly classified, administered and reported. The Department had an interest in the audit due to its coordination role for cultural institutions within the portfolio. The report contained five recommendations generally aimed at any Australian Government entity administering trust monies. The portfolio agencies involved agreed with all the recommendations.

Report No. 52: Legal services arrangements in the Australian Public Service

Tabled: 20 June 2005

The Department was one of 16 agencies reviewed as part of the audit. Nine recommendations were made. Six were to the agencies reviewed and focused on helping agencies to achieve greater cost-effectiveness from their legal services, and three recommendations were to the Attorney-General's Department.

The Department's existing practices are generally consistent with the recommendations and revised arrangements are being implemented where appropriate.

Report 59: Safe and accessible national collections

Tabled: 30 June 2005

The audit was undertaken on the National Library of Australia, the National Museum of Australia, the National Gallery of Australia, the National Archives of

SECTION 3

205

Australia and the Australian War Memorial. The Department was involved has it has a coordination role for cultural institutions within the portfolio.

The report contained 14 recommendations directed at improved strategic planning and supporting documentation in the areas of risk management and collection management, strengthening IT policies and procedures, enhancing procedures controlling physical access to the collections, strategies to manage future storage requirements for the collections, and collaboration on the development of performance measures to allow greater comparison in performance between institutions. Portfolio agencies agreed with all recommendations relating to their areas.

2004–05 Special interest

Audits in which the Department has a special interest are listed below.

Report No. 3: Management of internal audit in Commonwealth organisations

Tabled: 23 July 2004

The Department is implementing the relevant recommendations of this report.

Report No. 37: Management of business support service contracts

Tabled: 10 March 2005

The Department is implementing the relevant recommendations of this report.

Report No. 49: Administration of fringe benefits tax

Tabled: 2 June 2005

The Department is implementing the relevant recommendations of this report.

Report No. 55: Workforce planning

Tabled: 23 June 2005

The Department is implementing the relevant recommendations of this report.

Report No. 57: Purchasing procedures and practices

Tabled: 28 June 2005

The Department is implementing the relevant recommendations of this report.

Judicial decisions and decisions of administrative tribunals affecting the operation of the Department

There were no judicial decisions or decisions of administrative tribunals that had a significant impact on the operations of the Department during 2004–05.

Commonwealth Ombudsman

During 2004–05, the Commonwealth Ombudsman received two complaints about the management of the Department's programs.

The first complaint related to a decision of 8 June 2004 made by the Regional Manager of the West Kimberly regional office of Aboriginal and Torres Strait Islander Services, to decline a funding submission made by the Yuriny Aboriginal Culture Centre (YACC). The program in question was subsequently transferred to the Department. The substance of the complaint involves several claims, including that:

- the adverse funding decision was not based on material facts, and the reasons given to the centre were unsupportable;

- one of these reasons was based on adverse information which was never put to the centre, raising possible issues of procedural fairness; and

- the notification process was inadequate.

The Ombudsman notified the Department, under section 12 of the *Ombudsman Act 1976,* of his decision to cease his enquiries. These enquiries were subsequently reopened, however, when YACC put forward some further contentions relating to the matter. Consideration is ongoing.

The second complaint was received from Multilocus Interactive Pty Limited relating to the Department's management of an information technology services contract. The complaint has not yet been resolved.

Parliamentary committees

During 2004–05, the Department was involved in 21 parliamentary committee inquiries, the same number as in 2003–04.

The Department coordinated the Government's response to five parliamentary committee inquiry reports and provided input to a further two Government responses. The Department also made written submissions or gave evidence to a further 14 parliamentary committee inquiries.

Details of the Department's involvement in these parliamentary committee inquiries are at appendix 2.

Client Service Charter

The Department is committed to providing quality client service, and monitoring and responding to feedback from its clients. The Department's Client Service Charter explains the range and standards of services the Department's clients can expect and outlines clients' rights and responsibilities, together with how feedback can be provided to the Department.

A copy of the Client Service Charter is available on the Department's website at *www.dcita.gov.au* or on written request to the client service manager:

Client Service Manager
Department of Communications,
Information Technology and the Arts
GPO Box 2154
Canberra ACT 2601

SECTION 3

To refine the delivery of client services further, an external review of the Client Service Charter and feedback system was commenced in 2004–05 by the Department's internal auditor, KPMG. The outcomes of the review will be considered by the Executive Management Group in early 2005–06, when it is anticipated that a revised charter will be released.

The Department conducts a client service survey each year to measure client satisfaction with the provision of its services. For the 2005 survey, 1915 clients were surveyed (1924 had been surveyed in 2004). Thirty-five per cent, or 696, of the clients responded (727 or 38 per cent responded in 2004).

This is the second year the Department has reported the survey results at both the departmental and output levels. A summary of the results, with a comparison to the 2003–04 results, is provided at figure 3.2. Results against each output level are included in section 2 of this report, under each output.

The overall client satisfaction level has remained high and at the same level as last year, with 97 per cent of respondents rating services as satisfactory to excellent. Continuing areas of particular strength were the quality of communications with clients. Areas identified for improvement were consultation processes, awareness of the Client Service Charter and the timeliness of funding agreement processing.

In response to previous survey feedback and audit recommendations on program delivery, the Department developed the *Practical guide to program administration*. The guide is a practical tool designed to assist staff at all levels to develop and administer effective, efficient and accountable programs and thereby improve the delivery of services and accountability.

Figure 3.2 Outcomes of the 2004–05 client service survey

Survey category	Client Service Charter standard	Results (rated performance as satisfactory to excellent)	
		2004	**2005**
		%	**%**
Communications with clients—quality	Courteousness	99	98
	Willingness to assist clients	98	97
	Responsiveness	96	95
	Fair treatment	97	97
	Advice that is clear, concise and complete	96	95
	Technical/professional competence in providing advice	97	96
	Sensitivity to diversity issues	97	96
Telephone dealings	Availability of staff to take telephone calls during the day	98	97
	Staff identify themselves by name and/or work area	99	97
	Ability of staff to deal with clients' enquiries	96	97
Email dealings with clients	Responding to clients' inquiries as soon as possible	96	98
	Satisfactory responses to enquiries	98	98
Written enquiries	Speed of responses to clients' enquiries	93	92
	Keeping clients informed of the progress of their enquiries	90	90
	Providing further contact details to follow-up	94	94
Administration of grants programs	Adequately publicising grant programs	89	91
	Publicising how to apply for grants	91	91
	Equitable access to grant programs	88	89
	Fair administration of grant programs, in accordance with relevant guidelines, criteria regulations or legislation	92	89
	The speed of decision-making in relation to grant applications	81	77
Development and review of policy and legislation	Consultation with interested parties in good time	87	91
	Using appropriate processes to establish the lines of consultation	91	93
	Inclusion of those likely to be affected by changes in policy or legislation in the consultative process	92	90
	Breadth of the consultation process	90	85

SECTION 3

Management of human resources

The management of human resources in the Department changed in 2004–05 to a new service delivery model with in-house capability and outsourced payroll and personnel administration.
A services agreement with United KFPW for provision of the outsourced component was signed on 2 July 2004. Full transition of these services from the previous outsourced provider was completed on 23 September 2004.

A feature of the new model is the provision of dedicated human resources consultancy services for specific areas of the Department. Human resources consultants have developed a knowledge and understanding of the business operations in specific areas and are able to deliver tailored services. The consultancy approach has helped to identify common issues throughout the Department in relation to the management of its staff. In keeping with the broad strategic direction determined by the Department's executive, these issues will be addressed by developing more targeted human resources strategies for the Department.

There have been major achievements under the new service delivery model. A five-year workforce plan was developed, which will be considered by the executive in early 2005–06. A capability framework developed during the year will strengthen the link between the Department's business operations and learning and development outcomes.

There was also a review of the Department's performance management system, and occupational health and safety performance improved. Other achievements have included the approval

Members of the Department's new Human Resources Section from the HR Operations and HR Strategic teams: back row l to r Karen Cabezas, Cath Englert, Rick O'Brien, front Karen Evers, Greg Cheetham

of revised code of conduct guidelines and leave without pay guidelines, and the establishment of the Workplace Diversity and Harassment Committee.

On 1 July 2004, 89 staff from the former Aboriginal and Torres Strait Islander Services were transferred to the Department as part of the Government's mainstreaming of Indigenous programs. As a consequence, the Department's workforce grew and changed from being almost entirely Canberra-based to one with an Australia-wide regional network.

The human resources consultancy approach means there is a main point of contact for regional network staff. Regional network representation has been established on departmental management committees including the Workplace Consultative Committee and the Workplace Diversity and Harassment Committee. Departmental staff have also contributed to whole-of-government initiatives and meetings on the management of staff in the Indigenous coordination centres.

In 2005–06, human resources management will focus on completing the Department's learning and development program, finalising the human resources People Plan, revising some key policies and procedures, continuing the development of services to address the needs of the regional network, improvements to occupational health and safety performance, and effectively managing excess leave.

Other priorities for 2005–06 will be to let contracts for specialised human resources services and to keep building the Department's relationship with the outsourced payroll and personnel administration service provider.

Workforce planning

A critical human resources issue for the Department has been to develop a workforce plan that will, over the next five years, address key risks to maintaining organisational capability. The plan will be considered for approval by the Executive Management Group in early 2005–06. An important component of the proposed plan is a five-year action plan proposing interventions to address major workforce risks such as the need to support career progression, attract capability at the APS5 to APS6 levels, and retain capability at the EL1 level. The plan will be a basis for developing the Department's People Plan in 2005–06.

A new regime of workforce reporting introduced during the year will support the implementation and future evaluation of the Workforce Plan. There will be a report every three months to the Human Resource Management Committee and to the Executive Management Group. The reports will inform the management committee and the Executive Management Group on any apparent changes to the plan's identified critical issues, and monitor progress against performance indicators.

SECTION 3

The effectiveness of the Department's workforce planning activities will be evaluated each year, following the four steps used by the Australian National Audit Office in its performance audit of Australian Public Service agencies:

- assessment of supply and demand for labour in the Department's context;

- assessment of the potential gap in workforce characteristics and capability;

- assessments inform all relevant business strategies including, but not restricted to, human resources strategies; and

- use of a measurement framework to ensure that incremental progress can be measured and provide links to the overall performance of the Department.

Graduate program

The 2004 graduate program involved 13 graduate recruits. A further two graduates from the former Aboriginal and Torres Strait Islander Services joined the Department in July 2004. Twelve graduates were recruited for the 2005 program from a national advertising campaign. The successful applicants had tertiary qualifications in law, economics and arts. The Department's graduate program involves three development placements within the Department, complemented by a development program and the availability of a mentor network. Graduates are offered a range of learning opportunities such as a comprehensive induction program, Australian Public Service Values and Code of Conduct training, instruction in writing, policy development, project and program management skills, and guidance on working with the ministers and their offices.

The Department's 2005 graduate administrative assistants pictured with Secretary Helen Williams: back row l to r Ryan Dawson, Stephanie Secomb, Anna Engwerda-Smith, Bjorn Bednarek, Deborah Evans, Joanna Grainger, Tristan Kane; front Owen Griffiths, Steven Zorzi, Helen Williams, Susannah Webb, Thomas Pietsch

The Department's graduate program will be reviewed in 2005–06 to determine whether this approach will address the Department's current and future workforce needs.

Staffing overview

On 30 June 2005 the Department had 748 ongoing and non-ongoing staff, compared with 696 on 30 June 2004. This is a 7.5 per cent increase in the overall number of staff in the Department since last year's report. The variation is largely a result of the transfer of staff from the former Aboriginal and Torres Strait Islander Services. However, overall the trend in the total number of staff is showing a gradual growth in the size of the Department over the last three financial years, mainly as a result of machinery of government changes. This growth is shown in figure 3.3.

Detailed staffing statistics are at appendix 3.

Together with the increase in total staff numbers, there has been a trend showing increased staff numbers at the APS5 to APS6 and EL1 to EL2 classifications over the last three financial years. Part-time staff numbers have also increased over the corresponding period as the Department has continued to support flexible working arrangements. As a result of the incorporation of the regional network, the Department now has staff based in Indigenous coordination centres in all states and territories.

Figure 3.3 Number of departmental staff
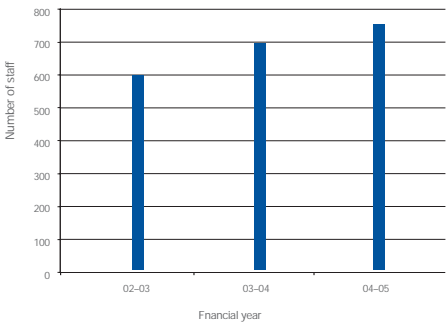
Workplace diversity

The Department is committed to creating an inclusive work environment that is free from harassment and enables staff to contribute to their full potential. The Department's Workplace Diversity Plan and its companion Eliminating Workplace Harassment Plan were distributed to all staff in October 2004. The plans outline initiatives that are helping the Department build a harmonious, productive and rewarding workplace.

The implementation of the plan will be monitored by the Workplace Diversity and Harassment Committee. It will be supported by the Department's workplace diversity and harassment contact officers, who are responsible for promoting the benefits of diversity and who provide advice and support to management and staff on workplace harassment matters.

Full details of departmental workplace diversity statistics are at appendix 3.

In summary, women were 60 per cent of the staff as at 30 June 2005. This is an increase of two per cent from the previous reporting year and is higher than the APS average of 53.1 per cent.[1]

Twenty-five per cent of Senior Executive Service staff are female, a decrease of seven per cent from June 2004 and 6.6 per cent less than the Australian Public Service average of 31.6 per cent[2] . Of the 78 per cent of staff who volunteered diversity data, 54 per cent identified as being from diverse cultural and linguistic backgrounds. Three per cent of staff identified as being of Aboriginal and Torres Strait Islander background, a significant increase from less than one per cent in 2003–04. This was a result of the transfer of staff to the Department from the former Aboriginal and Torres Strait Islander Services.

One per cent of staff identified as having a disability. This figure was the same as 2003–04. Compared with average APS statistics,[3] the Department's diversity statistics are relatively good for staff from a diverse cultural and linguistic background and staff of Aboriginal and Torres Strait Islander background, but less good in relation to staff with a disability.

A number of cultural awareness activities were conducted during the year to raise staff awareness of the Aboriginal and Torres Strait Islander cultures. Aboriginal and Torres Strait Islander cultural awareness courses have been developed and run. They have received very positive feedback from participants and will continue in 2005–06.

A working group of staff from across the Department developed an extremely successful program of cultural activities in recognition of Reconciliation Week. They included an information session on Torres Strait Islander culture, an exhibition of Indigenous dance from the Torres Strait Islands, and an online quiz testing staff knowledge of Aboriginal and Torres Strait Islander culture and reconciliation issues.

Certified agreement

Implementation of the certified agreement, which came into effect on 28 June 2004, continues to progress well.

A review of the Department's performance management system within the first 12 months of the agreement's operation was a key commitment that was completed within the required timeframe. The results of the review indicated that the system could be improved further through increased emphasis on planning and learning and development and with enhanced access through the use of an

1 Australian Public Service Commission, *State of the service report 2003–04*, p. 145

2 Ibid, p. 147

3 Ibid, p. 144

online system. Implementation of these improvements has begun and will be in place for the 2005–06 performance cycle.

A new Workplace Consultative Committee was established and membership was expanded to include staff representation from the newly formed regional network. Negotiations have also commenced with staff representatives from the regional network on a regional certified agreement. While the Department's certified agreement provides the general terms and conditions for staff who transferred from the former Aboriginal and Torres Strait Islander Services agency, a determination made under section 24(1) of the *Public Service Act 1999* has preserved remote locality conditions until a regional agreement is developed. It is intended that the regional certified agreement will operate in parallel with the departmental agreement until June 2007, at which time the two agreements will be merged into one.

Under the terms of the Department's current certified agreement, staff will receive a four per cent salary increase as from 1 July 2005 based, in part, on the achievement of the following four pre-conditions:

- completion of mid-cycle performance reviews by 95 per cent of eligible staff by 13 December 2004;

- completion of end-of-cycle performance review by 95 per cent of eligible staff by 31 May 2005;

- attendance at scheduled training courses by 95 per cent of staff who nominated for such courses; and

- a demonstrated commitment to the adoption of IT initiatives, including the introduction of the records management system TRIM, participation in TRIM training and the reduction of data holdings during the period 1 July 2004 to 30 June 2005.

Movement through the salary ranges for each classification is dependent on performance. Staff are not eligible for advancement unless a performance agreement has been developed and their performance has been assessed as being at least good.

Australian Workplace Agreements

Senior Executive Service Australian Workplace Agreements and remuneration

Remuneration arrangements for Senior Executive Service (SES) staff are determined by the Secretary, having regard to individual capacity and job requirements. As for non-SES staff, base salary movement for SES staff is dependent upon the achievement of pre-conditions as specified in the departmental certified agreement. This ensures that all staff take a role in the achievement of the initiatives detailed in the certified agreement.

SECTION 3

General conditions of employment are agreed through comprehensive Australian Workplace Agreements which include performance pay, superannuation, executive vehicles and development provisions.

Non-SES Australian Workplace Agreements

As at 30 June 2005 there were 92 non-SES staff on Australian Workplace Agreements (AWAs). Combined with the Senior Executive Service, this represents a total of 16.6 per cent of departmental staff on workplace agreements. These figures are comparable with percentages for the last reporting year. A collective Australian Workplace Agreement is available for staff at the EL2 level, and 70 per cent of ongoing EL2 staff have taken up this offer.

Non-SES Australian Workplace Agreements provide a range of benefits such as access to performance-based pay, individual salary, skills/responsibility allowances and/or non salary items. Non-salary items might include access to designated car parking, participation in significant development opportunities or a slight variation to working arrangements. Non-SES Australian Workplace Agreements are not comprehensive and, as such, terms and conditions of employment are drawn from the Department's certified agreement.

Performance payments

One-off performance bonus payments are available only to staff who are party to an Australian Workplace Agreement. Provision of a bonus is dependent on an individual performance assessment outcome of very good or outstanding. Bonus payments are determined from the performance outcome and the sliding scale of payment outcomes provided through the workplace agreement.

Key staff development strategies

The Department has undertaken two key projects during the year to establish a solid foundation for improving future organisational capability.

The first involved the development of a departmental capability framework which will strengthen the link between the Department's business and learning and development outcomes. The framework will provide a sound platform for establishing new learning and development programs in 2005–06, with a curriculum tailored to classification levels and business needs.

Learning and development opportunities for staff in the regional network will be developed in conjunction with the Australian Public Service Commission, which is developing collaborative programs for Indigenous coordination centre teams.

Department-specific programs will be tailored for delivery in regional areas, and online learning options will be balanced with opportunities for regional staff to

participate in development programs offered in Canberra.

Along with these activities, the Department has continued to give staff a range of opportunities through its 2004–05 training and development calendar. The calendar included professional development, career development skills and interpersonal skills development courses. Thirty-eight courses were conducted with 597 participants in 2004–05.

There were courses on APS Values and the Code of Conduct, Indigenous cultural awareness, legal awareness, management and supervision, policy and finance. In addition, there were professional development activities covering topics such as ministerial writing, policy implementation, change management, managing contracts, staff selection, and the budget and Senate estimates processes. Course evaluations submitted by staff indicated that 89 per cent rated the programs as very good to excellent.

The Department has a Studybank scheme which offers study leave and financial assistance so staff can complete studies in areas that relate to the Department's business operations. Fifty-six staff received assistance under the scheme in 2004–05, 39 of whom were undertaking postgraduate studies.

Occupational health and safety performance

The major occupational health and safety (OH&S) activity during the year was the annual Health Week, held during March 2005. The event was very successful, with more than 845 staff attending information sessions and activities.

Health Week included presentations on women's and men's health issues and on how to lead a healthy lifestyle. Individual fitness and health checks and fitness activities were also offered.

There was considerable positive feedback on the content and organisation of the week. A detailed evaluation of the week will be completed early in 2005–06 and will provide information to help develop the 2005–06 program.

The OH&S Committee continued to be very active during the year, providing:

- OH&S noticeboards throughout the Department, giving details of emergency evacuation procedures and contact information for first aid officers, health and safety representatives and emergency wardens; and
- an OH&S guide given to visitors to departmental premises detailing emergency procedures.

SECTION 3

The committee reviewed a range of OH&S policies and procedures, including procedures for hazard and incident reporting.

There was a trial of an ergonomic software tool that helps manage occupational overuse syndrome. The trial proved very successful and, on the advice of the committee, the Executive Management Group agreed to the rollout of the product in 2005–06.

The Department's claim frequency (claims per $million payroll) for claims in the 2004–05 injury year was 0.48 compared to a Commonwealth average of 0.53. The average lifetime claim cost for 2004–05 claims was estimated at $21 712 compared to a Commonwealth estimate of $24 100. The majority of the Department's injuries in 2004–05 fell into the Comcare categories of sprains/strains excluding back injuries and occupational overuse syndrome injuries.

Although claim frequency and claim cost figures were below the Commonwealth average, the Department's 2004–05 Comcare premium rate was 1.91 per cent which is higher than the 2004–05 premium rate of 1.67 per cent for all Australian Government agencies combined. Improved injury prevention and management will be a key focus for the Department in 2005–06.

There were no incidents requiring notice to be given under section 68 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991* in 2004–05. No investigations were conducted and no directions or notices were issued under sections 29, 45, 46 or 47 of the Act.

Information technology

A major focus during the year was the full implementation of operations with the Department's two new service delivery providers. KAZ Technology Services is delivering information technology services and commenced in April 2004. Macquarie Telecom is the service provider for telecommunications (voice) and Internet gateway services and commenced on 1 July 2004.

A client satisfaction survey of departmental staff in May 2005 showed a high level of satisfaction with the new arrangements. The overall satisfaction rating for the service provided by the two companies was more than 80 per cent.

During the year, the Department replaced its web content management system with the open source solution, MySource Matrix. The changeover for the Department's Internet holdings was implemented on 20 October 2004 and for its intranet site on 6 December 2004.

The Department's Information Management Committee met every three months. Key issues for the committee in 2004–05 were the

governance oversight of all medium to large IT projects, including the review of the reporting requirements of the department's electronic financial system, SAP, the replacement of the web content management system, and adoption of a centralised web publishing model, the upgrading of the electronic records management system (TRIM), and the review and refining of the Department's email filtering arrangements.

The transition to the internal hosting of its information technology services also resulted in the need to develop and implement a fully encompassing disaster recovery environment based on the Department's business continuity plan. While an interim disaster recovery site and facility has been in place during the year, the Department will be moving the now fully configured disaster recovery facility to a more permanent site in early 2005–06.

The IT environment connecting the Department with its ministers in Melbourne and Sydney was successfully upgraded to provide a more effective service.

The Department began to use a video-conferencing facility to enable flexible and efficient communication with the Department's ministers, non Canberra based staff (in particular staff in the Indigenous coordination centres), and external agencies and stakeholders. The facility has been widely adopted for virtual, cost-effective face-to-face contact.

An upgrade of the Department's electronic records management system (TRIM) was also undertaken during the year. The upgrade provided an opportunity to expand the use of electronic recordkeeping in the Department. As part of this process a staff training program was implemented. Eighty-five per cent of Canberra-based staff were trained in how to use the system by the end of June 2005, and there is ongoing training for this major initiative. The level of commitment to the TRIM training enabled the Department to meet the certified agreement pre-conditional relating to 'Commitment to IT initiatives'.

With the conclusion of the Department's three-year leasing arrangement for its desktop computer fleet, the Department undertook an open tender amongst suppliers on the Government's Endorsed Supplier Arrangements panel for the purchase of replacement desktop hardware. IBM was contracted to provide a new fleet of computers, which will be deployed in the first quarter of the 2005–06 year.

Legal services

During the year, internal legal advice for the Department was provided by the Legal Group and supplemented by advice from external sources, including the Australian Government Solicitor, Corrs Chambers Westgarth, Phillips Fox, Meyer Vandenberg and Sparke Helmore, under the terms of a deed of standing offer

SECTION 3

administered by the Legal Group. During the year, the Department entered into deeds of standing offer with 12 legal firms.

The Contracts Unit within the Legal Group provided procedural advice relating to the calling of tenders and contract documents used by the Department and coordinated the Department's reporting on contracts to meet various accountability requirements.

The Department engaged Ernst & Young to review the Contracts Unit. The review considered issues relating to the appropriate functions of a central contracts unit and also reviewed documentation of processes and procedures relating to procurement, risk management and the letting of contracts. The Department is implementing the recommendations made regarding guidance material and procedures and is giving further consideration to the recommendations regarding possible wider functions of a central contracts unit.

The Legal Group was closely involved in the preparation of new Chief Executive Instructions, procedural rules and financial delegations setting out financial management responsibilities in the Department, which came into effect on 17 December 2004.

The Legal Group also performed a departmental coordination and liaison role in relation to legislation bids, regulation impact statements, freedom of information (FOI) requests and privacy issues. A total of eight FOI requests were received during the year.

The Legal Group assisted in preparing 21 Bills which were passed or introduced and two regulations which were made during the year. The Legal Group drafted 14 other subordinate statutory instruments and a number of appointment instruments.

Major legislation requiring significant input from the Legal Group during the year is set out below.

Australian Sports Drug Agency Amendment Regulations (No. 1) and (No. 2) 2004

These regulations contain amendments consequential to the amendment of the *Australian Sports Drug Agency Act 1990*, which were required to implement the World Anti-Doping Agency Code prior to the Olympic Games in August 2004.

Australian Communications and Media Authority Act 2005 and nine related Acts

These Acts provide for the merger of the Australian Communications Authority and the Australian Broadcasting Authority to form a new regulator, the Australian Communications and Media Authority, from 1 July 2005.

Broadcasting Services Amendment (Anti-Siphoning) Act 2005

This Act amends the anti-siphoning scheme to extend the automatic de-listing period from six weeks to 12 weeks.

Telecommunications Legislation Amendment (Regular Reviews and Other Measures) Bill 2005

This Bill provided for regular independent reviews of the adequacy of telecommunications services in regional, rural and remote parts of Australia. It has been superseded by the Telecommunications Legislation Amendment (Future Proofing and Other Measures) Bill 2005, which will be introduced into Parliament on 7 September 2005.

Broadcasting Legislation Amendment Bill (No. 1) 2005

This Bill would allow commercial television licensees in remote areas to multi-channel their digital services where they elect jointly or individually to provide a third commercial service, with exemption from any high-definition television (HDTV) transmission requirements.

Telecommunications and Other Legislation Amendment (Protection of Submarine Cables and Other Measures) Bill 2005

This Bill would establish a scheme for creating protection zones over submarine cables of national significance.

Melbourne 2006 Commonwealth Games (Indicia and Images) Protection Act 2005

This Act regulates the unauthorised commercial use of Melbourne Commonwealth Games 2006 indicia and images, in order to provide a secure environment in which the Melbourne 2006 Commonwealth Games Corporation will be able to raise sponsorship and licensing revenue.

SECTION 3

Members of the Legal Team: l to r Dianne Southwell, Stuart Kerr, John Reardon and Senior Adviser Kim Allen

Film Licensed Investment Company Act 2005

This Act allows for the introduction of an extended scheme for the delivery of tax concessions to investors in the film industry by means of concessional investment in a Film Licensed Investment Company. A related Act, the *Film Licensed Investment Company (Consequential Provisions) Act 2005*, makes consequential amendments to the *Income Tax Assessment Act 1997*.

Telstra Carrier Charges—Price Control Arrangements, Notification and Disallowance Determination No. 1 of 2002 (Amendment No. 1 of 2005)

This instrument extends the operation of Telstra price control arrangements that were due to expire on 30 June 2005 until 31 December 2005.

Universal service subsidy determinations for 2005–06, 2006–07 and 2007–08

Three determinations were made to determine the subsidy amounts available to universal service providers in the extended zones universal service area, the contestable universal service areas and the default universal service area for the 2005–06, 2006–07 and 2007–08 claim periods.

Purchasing

The Department seeks to achieve value for money in all procurement processes and the processes are consistent with the requirements of the Commonwealth Procurement Guidelines issued by the Department of Finance and Administration and amended from time to time.

Consultants

The Department's policies on the selection and engagement of consultants are based on the Commonwealth Procurement Guidelines, the Chief Executive Instructions, and Government policies. The Department complies with all Government legislation, policies and guidelines relating to procurement.

The Department's internal policies are flexible and are based on a relatively decentralised model. Greater responsibility and accountability is achieved by giving divisions responsibility for developing requirements and managing contracts. However, important checking and control mechanisms are in place. A senior officer in the relevant division must approve any consultancy contract, and the Legal Group provides, on request, advisory and administrative support to project officers who are involved in contracting.

The Department's selection procedures are based on contract value, market conditions and the nature of the particular requirement. Procurements of $80 000 or

greater are offered publicly in accordance with the Mandatory Procurement requirements by advertising on the AusTender website and in the press or through the use of established panels. For consultancies of a lower value or where market conditions or other special circumstances make it appropriate, the Department may use alternative methods including the various forms of restricted tender process.

Consultants are engaged for a wide variety of purposes in the Department. They are typically engaged to provide complex professional services that the Department does not have the ability to perform in-house. These services include matters such as technical advice, financial advice and specialised information technology services.

Figure 3.5 identifies the expenditure on consultancy contracts over the three most recent financial years.

Figure 3.5 Expenditure on consultancy contracts 2002–05
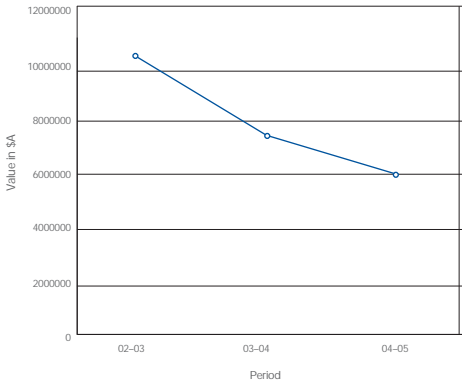
Further details are provided in the consultancy list available on the Department's website *www.dcita.gov.au*

Competitive tendering and contracting

Contracted service providers deliver a range of services to the Department. The Department's objectives in outsourcing such services are to

Figure 3.4 Expenditure on new and existing contracts 2004–05

During 2004–05, the Department had:

A	New contracts let during period	127
B	Total expenditure on new contracts let during period (GST inclusive)	$3 053 730.15
C	Number of ongoing (that is, pre-existing) contracts active in the period	40
D	Total expenditure on ongoing (that is, pre-existing) contracts during period (GST inclusive)	$2 921 550.92

obtain value for money, encourage innovation, and improve accountability and performance in the service delivery process, in line with the Commonwealth Procurement Guidelines.

Current departmental contracts with service providers worth $100 000 or more are listed in figure 3.6.

Exempt contracts

There are no current contracts or standing offers that have been exempted by the Secretary from being published in the Purchasing and Disposal Gazette on the basis that they would disclose exempt matters under the *Freedom of Information Act 1982*.

Financial management

The Department has continued to make progress in enhancing its financial and budgetary management practices and processes during the year.

The central Finance and Budgets Group was restructured to meet the increased budgeting and reporting requirements and to provide better accountability and client service to the Department.

Focus has continued on the effective implementation of the budget estimates and framework review recommendations including the development of monthly estimates for external reporting, meeting earlier deadlines for external estimates updates and improvements in areas of increased reporting (cash and accrual) to the Department of Finance and Administration. End-of-month processes have been further enhanced for business and accrual accounting purposes, with improvements to the accrual information and review processes.

Figure 3.6 Contracts over $100 000

Contractor	Nature of services	Contract period
The Empower Group Pty Ltd	Human resource management services	September 2001 to September 2004
KAZ Technology Services Pty Ltd	Information technology and communications services	September 2003 to April 2007 (for services from April 2004)
Macquarie Corporate Telecommunications Pty Ltd	Voice communications services	September 2003 to June 2007 (for services from July 2004)
Fujitsu Australia Ltd	Website redevelopment	December 2000 to September 2004
Recall Total Information Management	Archival and disposal services for records	October 2001 to December 2004
United KFPW HR Services Pty Limited	Payroll and personnel administration services	July 2004 to July 2008

Internal budgeting processes have been enhanced to simplify the data input and consolidation process, improve efficiency and make the process more user-friendly. A number of processes associated with banking, receipting and drawdowns were reviewed and changes implemented during the year.

The timeliness, presentation and accuracy of internal reporting to the Secretary, executive and divisions for evaluation and monitoring purposes remained a focus and improvements were made in this area. The Department continued to meet the Department of Finance and Administration's requirements for external reporting in regard to timeliness and variance explanations. In line with the move to Australian equivalents to international financial reporting standards, which apply from 2005–06, a transition plan was developed and the Department's opening balance sheet at

1 July 2004 has been prepared and audited by the Australian National Audit Office. Further work is continuing to ensure the Department meets its statutory obligations in this area.

The Finance and Budgets Group has continued to work with the Department's Audit Risk and Evaluation Committee and its internal auditor (KPMG) on financial, audit and corporate governance issues. The Department continues to monitor recently-issued Australian National Audit Office audit reports and the recommendations contained therein.

Focus has continued on assisting staff in operational areas to improve information recording and reporting, and on upgrading their general understanding of the Government's financial and budgetary framework. A number of specific in-house coordinated training and information sessions were provided during the

SECTION 3

Finance and Budget Group members: l to r Reina Syntawati, Harris Tzakis, Rob Tkalcevic

year to raise the level of financial skills in the Department. Components of the Department's internal finance and budgets user guide, which addresses finance and budget procedures and processes, were revised and re-issued to staff.

Financial management changes associated with the integration of new service delivery arrangements for Indigenous programs has meant that the Department has had to integrate monthly data from the Office of Indigenous Policy Coordination SAP financial system into the Department's internal and external financial reporting. More work and resources are necessary to ensure full integration to the Department's financial system. During the year, the Department was also involved in discussions regarding the proposed whole-of-government Indigenous data collection being coordinated by the Office of Indigenous Policy Coordination.

The Department's financial management information system, SAP, was further enhanced, and a new chart of accounts was applied from 1 July 2004. The Department implemented a new profit centre accounting SAP module, which provides enhanced financial reporting. A software upgrade licence for SAP has been acquired and an upgrade will take place in 2005–06. The Department is also planning to implement an integrated budgeting and reporting tool in 2005–06 to provide additional flexibility for internal and external reporting.

The Department received an unqualified audit report for its financial statements for the 2004–05 financial year.

The Department's revenue for 2004–05 totalled $122.312 million. Details of revenue categories are listed below.

At the end of 2004–05 the Department recorded a $7.552 million surplus which is predominantly due to increased revenue as a result of additional donated assets (sponsorship and donations totalled $0.703 million for the year), delayed projects and projects being deferred to the following year.

Figure 3.7 2004–05 Departmental revenue

Revenue item	2004–05 result $m	% of total revenue
Revenue from Government	114.180	93.35
Goods and services	4.149	3.39
Interest	0.012	0.01
Revenues from sale of assets	0.024	0.02
Other revenue	3.947	3.23
Total	122.312	100.00

Asset management

Departmental

The Department manages both current and non-current assets in accordance with guidelines set out in the Chief Executive Instructions and Australian Accounting Standards.

Artbank

Artbank's assets are predominantly artworks, consisting of more than 9300 works valued at $24 million. Artbank operates from leased premises in Sydney and Melbourne.

As the national art rental scheme, more than 60 per cent of Artbank's collection is on display with clients throughout Australia and overseas at Australian embassies and high commissions. The Artbank collection is managed through an ongoing conservation strategy.

National Portrait Gallery

The National Portrait Gallery, which is located within Old Parliament House and has a temporary display facility at Commonwealth Place in Canberra, has a permanent collection valued at approximately $12.7 million. The collection is housed on the Old Parliament House site, and items not on display are stored in climate and humidity controlled facilities.

Other assets

The Department has leasehold improvements and furniture and fittings valued at $8.7 million. During 2004–05, there were a number of fitouts and refurbishments to leased premises at 38 Sydney Avenue, 44 Sydney Avenue, and 28 National Circuit in Forrest, Canberra:

- refurbishment of the printroom and records storage facilities at 38 Sydney Avenue;
- lease and fitouts of level 2, 44 Sydney Avenue;
- refurbishment of part of the ground floor at 28 National Circuit;
- numerous minor fitouts throughout 38 Sydney Avenue and 28 National Circuit;
- installation of video conference facilities at 38 Sydney Avenue;
- replacement of furniture and equipment in the kitchens at 38 Sydney Avenue; and
- licensing and construction of a temporary staff car park at Sydney Avenue.

The Department also has software and computer and office equipment valued at $4.2 million. These assets are managed in accordance with the Department's Information and Communications Technology Strategic Plan 2003–05.

SECTION 3

Administered

Old Parliament House

Asset management is integral to the operation of Old Parliament House. The building is valued at $42.9 million, with a replacement cost as at 30 June 2004 of $110.5 million. It has a significant collection of furniture associated with the building's history, valued at $2.8 million, and mostly housed on-site.

Because Old Parliament House is on the Commonwealth Heritage List, it is conserved according to the Environment Protection and Biodiversity Conservation Act. Specific policies and strategies are outlined in the Old Parliament House Conservation Management Plan 2000, and specific heritage studies are undertaken for major projects. These ensure that the heritage values of the building are preserved even though the public can enter and use the site. Old Parliament House is also being refurbished and maintained in accordance with its long-term capital works plan.

National Institute of Dramatic Art building

The National Institute of Dramatic Art's facilities are owned by the Commonwealth. Stage 1, completed in 1988, has two theatres, five rehearsal rooms, carpentry workshops, props and costume workshops, teaching spaces and administration offices. Stage 2, an award-winning building funded under the Federation Fund and opened by the Prime Minister in October 2001, includes a 730-seat theatre, 120-seat studio, soundstage, library, scenery workshop and four additional rehearsal rooms. The building is valued at $36.7 million, with a replacement cost as at 30 June 2004 of $60.6 million. The institute manages the building on the Government's behalf and a 10-year asset management plan for the site was completed in December 2003.

Helen Williams, Secretary, with SES staff of the Department

Appendices

SECTION 4

Appendix 1

Portfolio agency contact details

Australia Business Arts Foundation Ltd

Tel: 03 9616 0300 Fax: 03 9614 2550
information@abaf.org.au

www.abaf.org.au

Australia Council for the Arts

Tel: 02 9215 9000 Fax: 02 9215 9111
mail@ozco.gov.au

www.ozco.gov.au

Australian Broadcasting Authority

Note: On 1 July 2005, the Australian
Broadcasting Authority and the Australian
Communications Authority merged to
become the Australian Communications
and Media Authority, Tel: Canberra
02 6219 5555, Melbourne 03 9963 6800,
Sydney 02 9334 7700,

www.acma.gov.au

Australian Broadcasting Corporation

Tel: 02 8333 1500 Fax: 02 8333 5344

www.abc.net.au

Australian Communications Authority

Note: On 1 July 2005, the Australian
Broadcasting Authority and the Australian
Communications Authority merged to
become the Australian Communications
and Media Authority, Tel: Canberra
02 6219 5555, Melbourne 03 9963 6800,
Sydney 02 9334 7700,

www.acma.gov.au

Australian Film Commission

Tel: 02 9321 6444 Fax: 02 9357 3737
info@afc.gov.au

www.afc.gov.au

**Australian Film, Television and Radio
School**

Tel: 02 9805 6611 Fax: 02 9887 1030
infonsw@aftrs.edu.au

www.aftrs.edu.au

**Australian Government Information
Management Office**

Tel: 02 6215 2222 Fax: 02 6215 1609

www.agimo.gov.au

Australian National Maritime Museum

Tel: 02 9298 3777 Fax: 02 9298 3780

www.anmm.gov.au

Australian Postal Corporation

Tel: 03 9204 7171 Fax: 03 9663 1160

www.auspost.com.au

Australian Sports Commission

Tel: 02 6214 1111 Fax: 02 6251 2680
asc@ausport.gov.au

www.ausport.gov.au

Australian Sports Drug Agency

Tel: 02 6206 0200 Fax: 02 6206 0201
asda@asda.org.au

www.asda.org.au

Bundanon Trust

Tel: 02 4423 5999 Fax: 02 4422 7190

www.bundanon.com.au

Film Australia Limited

Tel: 02 9413 8777 Fax: 02 9416 5672

www.filmaust.com.au

Film Finance Corporation Australia
Limited

Tel: 02 9268 2555 Toll free: 1800 653 826
Fax: 02 9264 8551 ffc@ffc.gov.au

www.ffc.gov.au

National Archives of Australia

Tel: 02 6212 3600 Fax: 02 6212 3699
archives@naa.gov.au

www.naa.gov.au

National Gallery of Australia

Tel: 02 6240 6502 Fax: 02 6240 6529
information@nga.gov.au

www.nga.gov.au

National Library of Australia

Tel: 02 6262 1111 Fax: 02 6257 1703

www.nla.gov.au

National Museum of Australia

Tel: 02 6208 5000 Fax: 02 6208 5099
information@nma.gov.au

www.nma.gov.au

NetAlert Limited

Tel: 03 6234 3312 Fax: 03 6234 1430
enquiries@netalert.net.au

www.netalert.net.au

Special Broadcasting Service

Tel: 02 9430 2828 Fax: 02 9430 3700

www.sbs.com.au

Telstra Corporation Limited

Tel: 1300 368 387 Fax: 03 9634 3958

www.telstra.com

SECTION 4

Appendix 2

Parliamentary committees

The Department's involvement in the following parliamentary committees ranged from preparing or providing input to Government responses, appearing before and/or making written submissions to the committees.

Senate Select Committee on Information Technologies

In the public interest—monitoring Australia's media

Tabled: 13 April 2000
No Government response as at 30 June 2005

The Government deferred responding to this report while the Australian Broadcasting Authority's investigations into the disclosure requirements of commercial radio broadcasters continued and pending the deliberations on the establishment of the Australian Communications and Media Authority. The Government is currently preparing its response and expects to respond during 2005.

House of Representatives Standing Committee on Communications, Information Technology and the Arts

From reel to unreal: inquiry into the future opportunities for Australia's film, animation, special effects and electronic games industries

Tabled: 21 June 2004
No Government response as at 30 June 2005

This report examines the future opportunities for Australia's film, animation, special effects and electronic games industries. The response is currently being prepared for consideration by the Government.

Inquiry into the uptake of digital television in Australia

The report is yet to be tabled

The Department provided the committee with a written submission in May 2005, responding to the committee's terms of reference. The Department appeared before the committee on 1 June 2005, at a public hearing.

The committee has indicated that it anticipates reporting in early 2006.

Senate Environment, Communications, Information Technology and the Arts References Committee

Australian telecommunications network

Tabled: 5 August 2004
No Government response as at 30 June 2005

The committee inquiry into the Australian telecommunications network was established on 25 June 2002.
The purpose of the inquiry was to assess the capacity of the network to deliver adequate services to all Australians, particularly in rural and regional areas. The Government is considering its response.

Competition in broadband services

Tabled: 10 August 2004
No Government response as at 30 June 2005

On 26 June 2003, the Senate referred a number of terms of reference to the Senate Environment, Communications and the Arts Reference Committee. Among other things, the terms of reference included current and prospective levels of competition in broadband services, any impediments of communications technology convergence on competition in broadband and other emerging markets and any opportunities to maximise the capacity and use of broadband infrastructure. The Government is considering its response.

A lost opportunity? Inquiry into the provisions of the Australian Communications and Media Authority Bill 2004 and related bills and matters

Tabled: 10 March 2005
Government response: March 2005 (during the Bill's debate)

The Department made a written submission to this inquiry and appeared before the committee on 11 February 2005.

The report made 18 recommendations. The Government accepted four recommendations, accepted seven recommendations in principle, and rejected seven recommendations.

On 16 March 2005 the bills which established the Australian Communications and Media Authority were debated and amended in the Senate, with the amendments subsequently rejected in the House of Representatives. The bills were passed unamended by the Senate on 17 March 2005.

The provisions of the *Australian Communications and Media Authority Act 2005* and associated acts came into effect on 1 July 2005.

SECTION 4

*Performance of the Australian
telecommunications regulatory regime*

The report is yet to be tabled

The Senate Environment,
Communications and the Arts References
Committee inquiry into the performance
of the Australian telecommunications
regulatory regime was established on
14 March 2005. The purpose of the
inquiry was to assess whether the current
telecommunications regulatory regime
promotes competition, encourages
investment in the sector and protects
consumers to the fullest extent
practicable. The Department appeared
before the committee on 11 April 2005
and 20 June 2005.

Senate Standing Committee for the Scrutiny of Bills

*Australian Communications and Media
Authority Bill 2004*

Committee comment on Bill: Alert Digest
No. 12 of 2004, 8 December 2004

Government response published: Third Report
of 2005, 16 March 2005

The committee sought comment on the
Minister for Communications, Information
Technology and the Art's ability to appoint
associate members to the Australian
Communications and Media Authority and
the Authority's ability in clause 65 of the
Bill to define expressions by reference to
other instruments.

The Government's response outlined
that these provisions reflected the
arrangements that were applicable for the
Australian Broadcasting Authority and the
Australian Communications Authority.

Senate Environment, Communications, Information Technology and the Arts Legislation Committee

*Provisions of the Telecommunications
Legislation Amendment (Regular Reviews
and Other Measures) Bill 2005*

Report tabled: 12 May 2005

No Government response as at 30 June 2005

On 11 April 2005, representatives of
the Department appeared before the
committee. The committee's report was
tabled on 12 May 2005.

*Inquiry into the provisions of the
Broadcasting Services Amendment (Anti-
Siphoning) Bill 2004*

Tabled: 7 March 2005

Government response: 10 March 2005

The Department appeared before
the committee on 21 February 2005
and made a submission following
that appearance. The committee
recommended that the Bill be passed
without amendment and that the Minister
for Communications, Information
Technology and the Arts consider
examining the issue of the so called
'loophole' in the anti-siphoning scheme
and whether this may circumvent the
intent of the anti-siphoning scheme.

The Bill passed without amendment on 15 March 2005. The Government has committed to monitor the operation of the anti-siphoning scheme to ensure that it appropriately reflects the attitudes of Australians and the commercial realities of the sporting and broadcasting sectors.

Joint Standing Committee on Treaties

Final protocol and partial revision of the 2001 Radio Regulations, as incorporated in the International Telecommunication Union Final Acts of the World Radiocommunication Conference (WRC–03).

The report is yet to be tabled

The national interest analysis was tabled on 11 May 2005. The Department appeared before the committee on 20 June 2005 in relation to the ratification of the 2003 revisions to the 2001 Radio Regulations. The Radio Regulations are an international treaty governing the use of the radio-frequency spectrum and satellite orbits.

Joint Standing Committee on Foreign Affairs, Defence and Trade

Inquiry into Australia's relationship with the Republic of Korea

The report is yet to be tabled

On 3 June 2005, the Department provided a submission to the committee covering communications, information technology, arts and sports activities in Korea and engagement by the portfolio with Korea.

The inquiry was established on 7 April 2005 to inquire into Australia's relationship with the Republic of Korea including developments on the Korean Peninsula. The committee is reviewing political, strategic, economic (including trade and investment), social and cultural issues, and is considering both the current situation and opportunities for the future.

Inquiry into Australia's relationship with Indonesia

Tabled: 31 May 2004
No Government response as at 30 June 2005

The Department provided a written submission on 31 October 2002 which included contributions from the Department and the Australian Sports Commission, and a supplementary submission on 20 September 2003. The Department attended the public hearing on 5 August 2003. During 2004–05 the Department contributed to the Government response being prepared by the Department of Foreign Affairs and Trade.

Senate Foreign Affairs Defence and Trade References Committee

Inquiry into Australia's relationship with China

The report is yet to be tabled

In June 2005 the Department provided a submission to the committee covering communications, information technology, arts and sports activities in China and engagement by the portfolio with China.

The inquiry was established on 9 December 2004 to inquire into and report on Australia's relations with China. The committee is reviewing political, strategic, economic (including trade and investment), and social and cultural issues, and is considering both the current situation and opportunities for the future.

Senate Select Committee on the Free Trade Agreement between Australia and the United States of America

Interim report tabled: 24 June 2004

Final report tabled: 5 August 2004
No Government response as at 30 June 2005

The Department appeared before the committee at hearings on 10 May, 18 May and 6 July 2004. The Department also provided input to the various questions on notice to the Department of Foreign Affairs and Trade.

House of Representatives Standing Committee on Science and Innovation

Inquiry into pathways to technological innovation

The report is yet to be tabled

The House of Representatives Standing Committee on Science and Innovation inquiry into pathways to technological innovation was called on 18 March 2005 to examine Australian technological innovations and their pathways to commercialisation. The inquiry requested examples of successful Australian technological innovations and their commercialisation. The Department's Information Economy Division provided a submission to the inquiry in June 2005 that:

- highlighted the importance of information and communications technology (ICT) in innovation and productivity growth;

- highlighted the important contribution of ICT to the innovation process;

- summarised Australian investment in ICT research and development and innovation;

- summarised Australian Government support for the ICT industry; and

- summarised the Department's innovation-related programs including National ICT Australia, the Advanced Networks Program and its successes (CeNTIE, Grangenet, mNet), the ICT Incubators Program and the Information Technology Online Program.

The submission also consisted of a number of successful case studies of Australian technological innovation and commercialisation:

- ICT-based innovation in the Australian manufacturing sector;

- small and medium enterprise ICT innovation and production;

- Radiata;

- ICT Incubator Program—Windspring; and

- ICT Incubator Program—Mediaware Solutions Pty Ltd.

Joint Standing Committee on Public Works

Development of a new collection storage facility for the National Library of Australia

Tabled: 8 December 2004

In accordance with the requirements of the *Public Works Committee Act 1969*, the committee considered the National Library of Australia's proposal to build a new storage facility.

Written submissions were provided by the National Library of Australia and the Department. Representatives of the National Library of Australia appeared before the committee's hearings on 13 August 2004.

The report recommended that parliament support the proposed development, and this recommendation was accepted by parliament on 9 December 2004.

House of Representatives Standing Committee on Aboriginal and Torres Strait Islander affairs

Inquiry into Indigenous employment

The report is yet to be tabled

The standing committee covers a broad range of Indigenous issues. It is undertaking an inquiry into positive factors and examples amongst Indigenous communities and individuals, which have improved employment outcomes in both the public and private sectors. The standing committee is to:

- recommend to the Government ways this can inform future policy development; and

- assess what significant factors have contributed to those positive outcomes identified, including what contribution practical reconciliation[1] has made.

SECTION 4

1 The committee has defined 'practical reconciliation' in this context to include all government services.

On 19 April 2005, the Minister for Communications, Information Technology and the Arts made a submission to the committee outlining how the Department's Indigenous-specific programs provide opportunities for Indigenous people to develop skills and attributes which enhance future employment prospects.

Senate Select Committee on the Administration of Indigenous affairs

After ATSIC: life in the mainstream

Tabled: 8 March 2005

No Government response as at 30 June 2005

The inquiry covered a wide range of issues in relation to the abolition of the Aboriginal and Torres Strait Islander Commission and the integration of Indigenous services and programs into mainstream agencies. The purpose of the inquiry was to inquire into and report on:

* the provisions of the Aboriginal and Torres Strait Islander Commission Amendment Bill 2004;

* the proposed administration of Indigenous programs and services by mainstream departments and agencies; and

* related matters.

The Department provided a submission to the inquiry in August 2004 and appeared before the Committee's hearings on 4 February 2005.

Senate Community Affairs References and Legislation Committee

Inquiry into children in institutional care (first report)

Tabled: 30 August 2004

No Government response as at 30 June 2005

The inquiry was established to consider the experiences of Australians who experienced institutional or out-of-home care as children. The report made two recommendations concerning portfolio cultural institutions:

* Recommendation 35 suggested that the National Museum of Australia develop an exhibition related to the history of children in institutional care; and

* Recommendation 36 suggested that the Australian Government provide funding to the National Library of Australia to undertake an oral history project of former residents in institutional and out-of-home care.

The Department is assisting the Department of Family and Community Services in framing a response to these recommendations.

Appendix 3

Staffing statistics

Table 4.1 Full-time and part-time staff—30 June 2005

Ongoing employee				Non-ongoing employee						Total
Full-time		Part-time		Full-time		Part-time		Casual		
Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
274	343	9	49	9	43	3	7	4	7	748

Note: These figures indicate staff substantively employed by the Department as at 30 June 2005 including temporary reassignment of duties into the agency. These figures include the departmental secretary.

Table 4.2 Staff by classification groups and location—30 June 2005

State	APS1	APS2	APS3	APS4	APS5	APS6	EL1	EL2	SESB1	SESB2	SESB3	SEC	Grand total
ACT	1	32	23	95	76	141	171	99	22	6	3	1	670
NSW		1	3	9	4	1	2	2					22
NT			1	7	2	2	0	1					13
QLD		1	6	3	1	1	1	1					14
SA				1	4	1							6
TAS				1									1
VIC			1	2	2	1	2		1				9
WA		0	1	7	1	1	2	1					13
Total	1	34	35	125	90	148	178	104	23	6	3	1	748

Note: These figures indicate ongoing and non-ongoing staff substantively employed by the Department as at 30 June 2005. Classifications with local designations, for example legal and public affairs, have been subsumed into equivalent APS or EL levels.

Table 4.3 SES staff—30 June 2005

	Male	Female	Grand total
SESB1	18	5	23
SESB2	4	2	6
SESB3	2	1	3
Total	24	8	32

Note: These figures reflect nominal occupancy and do not include acting arrangements.

SECTION 4

Table 4.4 Staff in equal employment opportunity groups—30 June 2005

Male	Female	Total staff 1	DCLB 1&2	ATSI	PWD	Total staff 2
299	449	748	312	19	4	581
40%	60%	100%	54%	3%	1%	78%

Key to tables 4.4 and 4.5:

Total staff 1: Ongoing and non-ongoing staff substantively employed as at 30 June 2005. Percentages of male and female relate to this total.

DCLB1: People from diverse linguistic backgrounds (first generation)

DCLB2: People from diverse linguistic backgrounds (second generation)

ATSI: Aboriginal and Torres Strait Islander peoples

PWD: People with a disability

Total staff 2: Total number of staff who volunteered equal employment opportunity (EEO) information, including 'no' answers to questions. Percentages of EEO statistics have been derived from this total.

Table 4.5 Equal employment opportunity groups within salary ranges—30 June 2005

Salary range $	DCLB1&2	ATSI	PWD	Total
40 033 or less	15	0	0	19
40 034–44 379	13	4	1	29
44 380–49 760	52	6	0	84
49 761–54 201	57	3	1	88
54 202–64 040	49	1	0	94
64 041–77 510	69	2	0	138
77 511–93 870	39	2	1	92
> 93 870	18	1	1	37
Total	312	19	4	581

Note: Total includes staff who volunteered EEO information including 'no' answers and those that may have declined to answer some questions (for example, may have said 'yes' to DCLB1 but chose not to answer on disability).

Table 4.6 Salary range of employees

	Certified agreement Salary range $		Australian Workplace Agreement (AWA) Salary range $	
Classification	Lowest	Highest	Lowest	Highest
SES	NA	NA	101 670	183 000
EL2	77 763	96 555	77 763	110 670
EL1	67 455	84 755	67 455	84 755
APS6	54 012	64 066	n/a	n/a
APS5	50 324	53 139	50 324	53 139
APS4	45 139	48 783	n/a	n/a
APS3	40 272	43 508	n/a	n/a
APS2	35 410	39 249	n/a	n/a
APS1	31 475	34 563	n/a	n/a

Note: Part-time salaries have been annualised to full-time for comparison. Classifications with local designations, for example legal and public affairs, have been subsumed into equivalent APS or EL levels.

Table 4.7 Number of staff on AWAs or certified agreement

	AWA	Certified agreement	Total
SES	32*	0	32*
EL2	84	20	104
EL1	7	171	178
APS1–6	1	432	433
Total	124	623	747

Note: Classifications with local designations, for example legal and public affairs, have been subsumed into equivalent APS or EL levels.
*Includes AWAs being finalised in the year

Table 4.8 Performance payments 2004–05

Classification	Number of staff paid	Aggregate amount $	Average amount $	Lowest payment $	Highest payment $
SES	14	129 420.83	9 244.35	5 750.00	12 000.00
EL2	63	412 292.68	6 544.33	2 187.95*	11 264.40
APS1–EL1	8	45 540.83	5 692.60	2 516.20	8 277.72
Total	85	587 254.34			

* This figure includes payment for only part of the year

SECTION 4

Table 4.9 Performance payments 2003–04, paid in 2004–05

Classification	Number of staff paid	Aggregate amount $	Average amount $	Lowest payment $	Highest payment $
SES	18	189 301.59	10 516.75	1 728.72*	21 902.40
EL2	17	113 576.78	6 680.99	3 129.00*	11 890.95
APS1–EL1	1	6 304.14			
Total	36	309 182.51			

These figures include payments for only part of the year

Appendix 4

Report on performance in implementing the Commonwealth Disability Strategy

Performance reporting 2004–05

The Commonwealth Disability Strategy provides a framework to assist Australian Government agencies to meet their obligations under the *Disability Discrimination Act 1992*. The strategy defines the five core roles of Government agencies, as policy adviser, regulator, purchaser, provider and employer.

Policy advisers are responsible for strategic planning and formulating new initiatives and revisions to current Government programs and services. They do so in response to Government policy objectives, identified community needs or both.

Regulators develop regulations in direct response to Government policy or legislation. Regulators are responsible for implementing the framework designed by policy advisers. Similarly for purchasers, established policy directions guide the purchasing frameworks to be implemented. Funding is allocated on the basis that purchasing specifications are designed to give effect to the policy framework.

Service providers also work within established boundaries. These boundaries exist in the purchasing frameworks that accompany funds received to provide the service. Purchasing specifications outline how services are to be provided, to whom and under what conditions. Though conditions of employment may vary between organisations, the core functions of an employer remain the same.

In the context of the Commonwealth Disability Strategy, accessible formats include electronic formats such as ASCII (or .txt) files and HTML for the web. Non-electronic accessible formats include Braille, audio cassette, large print and easy English. Other ways of making information accessible include video captioning and Auslan interpreters. See *www.facs.gov.au*<Disabilities<Policy <Commonwealth Disability Strategy for more information on the strategy.

The Department's performance against the performance indicators for each of the defined roles follows.

Policy adviser role

Performance indicator 1: New or revised policy/program proposals assess the impact on the lives of people with disabilities prior to decision

Performance measure: percentage of new or revised policy/program proposals

that document that the impact of the proposal was considered prior to the decision-making stage

Current level of performance 2004–05

New policy

Number of new policies: 10. Percentage documenting impact: 60 per cent (100 per cent in 2003–04)

Revised policy

Number of revised policies/programs: 9. Percentage documenting impact: 22 per cent (88 per cent in 2003–04)

Performance indicator 2: People with disabilities are included in consultation about new or revised policy/program proposals

Performance measure: percentage of consultations about new or revised policy/program proposals that are developed in consultation with people with disabilities

Current level of performance 2004–05

New policy

Number of consultations: 5. Percentage of consultations undertaken with people with disabilities: 80 per cent (62.5 per cent in 2003–04)

Revised policy

Number of consultations: 4. Percentage of consultations undertaken with people with disabilities: 75 per cent (12.5 per cent in 2003–04)

Performance indicator 3: Public announcements of new, revised or proposed policy/program initiatives are available in accessible formats for people with disabilities in a timely manner

Performance measure: percentage of new, revised or proposed policy/program announcements available in a range of accessible formats

Time taken in providing announcements in accessible formats

Current level of performance 2004–05

- A total of 287 ministerial media announcements were made during the year with 100 per cent of these announcements available on the Internet in HTML at the time of the announcement. Announcements were also distributed via fax to selected media.

- No requests were received for media announcements in other formats.

- A review of accessibility issues in the departmental website publishing guidelines, following system updates, is underway in 2005.

- Guidelines for planning and producing materials in accessible formats continue to be updated and available on the Department's intranet.

- Information, including discussion papers and fact sheets are available on the website in HTML, Word and/ or PDF.

Regulator role

Performance indicators:

1. **Publicly available information on regulations and quasi-regulations is available in accessible formats for people with disabilities**

2. **Publicly available regulatory compliance reporting is available in accessible formats for people with disabilities**

Performance measures: Percentage of publicly available information on regulations and quasi-regulations requested and provided in accessible electronic formats; and accessible formats other than electronic

Average time taken to provide accessible material in electronic format and formats other than electronic

Current level of performance 2004–05

- Approximately two-thirds of all legislative instruments made by a portfolio minister (current and limited historical instruments), and explanatory material are available on the Department's website in HTML format and another format (either RTF or PDF). All legislative instruments made since 1 January 2005 are posted on the Federal Register of Legislative Instruments (a publicly available website database managed by the Attorney-General's Department) in multiple formats.

- No requests were received for information on regulations and quasi-regulations or for compliance reporting in accessible formats.

- The Departmental Regulatory Plan is available on the Department's website.

- A review of the Department's website publishing guidelines and the replacement of the website content management system commenced in 2004–05, with accessibility a key issue. This work will continue in 2005–06.

Purchaser role

Performance indicator 1: Publicly available information on agreed purchasing specifications is available in accessible formats for people with disabilities

Performance measure: percentage of publicly available purchasing specifications requested and provided in accessible electronic formats and accessible formats other than electronic

Average time taken to provide accessible material in electronic formats and formats other than electronic

Current level of performance 2004–05

Contracts

All open tender processes are available online, with all tender documentation available in PDF format for security reasons. On request, the Department is

able to provide tender documentation in a range of accessible formats.

National Relay Service tender

In 2004–05, the Department commenced a procurement process for a new contract for the provision of the National Relay Service from 1 July 2006. A draft statement of requirement was available from the Department's website in PDF, and available in other accessible formats on request.

Grant programs

One hundred per cent of grant program guidelines are available online (those grant programs subject to applications). Other accessible formats are available on request. No requests were received for information in other formats.

Performance indicator 2: Processes for purchasing goods or services with a direct impact[2] on the lives of people with disabilities are developed in consultation with people with disabilities

Performance measure: percentage of processes for purchasing goods or services that directly impact on the lives of people with disabilities that are developed in consultation with people with disabilities

Current level of performance 2004–05

Contracts

Procurement of goods that directly impact upon the lives of employees with a disability is carried out in consultation with people with disabilities through a service provider and a central area of the Department.

The Department's premises at 38 Sydney Avenue and 28 National Circuit were fitted out in accordance with accessibility standards. A contract for the fit-out for premises at 44 Sydney Avenue was let and completed in 2004–05. The contract complied with accessibility standards.

Old Parliament House installed an access ramp for people with disabilities between the two bridges at the rear of the building and tactile indicators for the sight impaired.

National Relay Service tender. In 2004–05, the Department commenced a procurement process for a new contract for the provision of the National Relay Service from 1 July 2006. Disability groups were consulted through the release of a draft statement of requirement for comment. All responses have been fully considered in developing the request for tender.

2005 Deaflympic Games Program and 2005 Deaflympic Games Australian team program funding agreements were both developed in consultation with people with disabilities.

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2 Direct impact means those goods and services which will have an explicit consequence, effect or influence on people with disabilities. It includes the purchase of mainstream goods and services as well as specialist disability services.

Grant programs

Radio for the print handicapped representative organisations are consulted in relation to funding agreements with the Community Broadcasting Foundation and RPH Australia Coop Ltd.

Performance indicator 3: Purchasing specifications[3] and contract requirements for the purchase of goods and services are consistent with the requirements of the *Disability Discrimination Act 1992*

Performance measure: percentage of purchasing specifications for goods and services that specify that tender organisations must comply with the *Disability Discrimination Act 1992*

Percentage of contracts for the purchase of goods and services that require the contractor to comply with the *Disability Discrimination Act 1992*

Current level of performance 2004–05

Contracts

The Department's standard contract terms require compliance with relevant legislation including the *Disability Discrimination Act 1992*. Draft contracts are supplied with all standard requests for tender.

Grant programs

The Department's standard funding deeds require compliance with the *Disability Discrimination Act 1992*.

Performance indicator 4: Publicly available performance reporting against the purchase contract specifications requested in accessible formats for people with disabilities is provided

Performance measure: percentage of publicly available performance reports against the contract purchasing specification requested and provided in accessible electronic formats and accessible formats other than electronic

Average time taken to provide accessible material in electronic formats and formats other than electronic

Current level of performance 2004–05

Contracts

Information is available online in the Commonwealth Purchasing and Disposals Gazette (*www.tenders.gov.au*).

Information complying with the requirements of the Order of the Senate for Department and Agency Contracts is on the Department's website (*www.dcita.gov.au*). Details of consultancy contracts are reported as part of the annual report.

Grant programs

One hundred per cent of the Department's grant program guidelines are available online (generally in HTML format). No requests were received for information

3 Purchasing agreements can include contracts, memorandums of understanding and service level agreements

in other formats. For documents not in HTML, contact details are included so that applicants can request documents in alternative formats if required [s.593 grants guidelines are in PDF format].

General

The Department's web publishing guidelines are being reviewed following the implementation of the new website content management system. The Old Parliament House website continues to be upgraded in accordance with Australian Government guidelines for website accessibility.

Performance indicator 5: Complaints/grievance mechanisms, including access to external mechanisms, in place to address concerns raised about provider's performance

Performance measure: established complaints/grievance mechanisms, including access to external mechanisms, in operation

Current level of performance 2004–05

The Client Service Charter outlines the Department's formal complaint mechanism, including access to external mechanisms. No formal complaints were lodged with the Department's complaints officer during the year.

The Department encourages feedback and comments through the website via the 'feedback' and 'contact us' links at the bottom of each page.

Most grant programs continue to have well-established feedback mechanisms. In general, grant program areas on the website offer feedback mechanisms. Verbal and written feedback between the Department and the grantees occurs. A freecall 1800 telephone service operates for many grant programs as well as direct telephone numbers and generic email addresses are available for enquiries or as an avenue of complaints.

Provider role

Performance indicator 1: Providers have established mechanisms for quality improvement and assurance

Performance measure: evidence of quality improvement and assurance systems in operation

Current level of performance 2004–05

The Department's 2005 client survey had 22 clients from a response size of 696 clients identify that they had special needs in order to access departmental services. Of these, one client required online material accessible to people with disabilities and large print format and two clients required teletypewriter (TTY) services.

The Department's web publishing guidelines are being reviewed following the implementation of the new website content management system. The Old Parliament House website continues to be upgraded in accordance with Australian Government guidelines for website accessibility.

Snapshot examples:

The Culture and Recreation Portal has been upgraded to raise the level of conformity to the web content accessibility guidelines 1.0 standard to the highest level, a triple-A rating. This will make the site much easier to navigate for users with browsers designed for people with disabilities. The Department has published a newsletter concentrating on the theme of improving accessibility. The newsletter was circulated to the 'owners' of the websites connected to the portal, offering advice and information about improving disability access to their sites.

The redeveloped Australian Museums and Galleries Online website (now called the Collections Australia Network) also has a triple-A rating.

Old Parliament House and the National Portrait Gallery have continued to take into account a range of access issues when designing public programs, educational training of volunteer guides and building thoroughfares.

Performance indicator 2: Providers have an established service charter that specifies the roles of the provider and consumer and service standards which address accessibility for people with disabilities

Performance measure: established service charter that adequately reflects the needs of people with disabilities in operation

Current level of performance 2004–05

The Department has a well-established Client Service Charter that has been in place since 1998. The Department regularly conducts both internal and external reviews of the charter. An internal review of the charter was completed in 2004–05 and is to be considered in 2005–06. The charter addresses accessibility and diversity issues, through the provision of a wide range of contact options, including TTY, and through clearly set out service standards that include sensitivity to diversity issues.

Performance indicator 3: Complaints/grievance mechanisms, including access to external mechanisms, in place to address concerns raised about performance

Performance measure: established complaints/grievance mechanisms, including access to external mechanisms, in operation

Current level of performance 2004–05

The Department's Client Service Charter outlines a formal complaint mechanism, including access to external mechanisms. There were no formal complaints lodged during the year.

Snapshot example

The Culture and Recreation Portal has a feedback mechanism (link on every page). Feedback is actively sought from the electronic contributors' newsletter and the AusCulture newsletter.

SECTION 4

Employer role

Performance indicator 1: Employment policies, procedures and practices comply with the requirements of the *Disability Discrimination Act 1992*

Performance measure: number of employment policies, procedures and practices that meet the requirements of the *Disability Discrimination Act 1992*

Current level of performance 2004–05

The Department's recruitment procedures, employment programs and policies meet the requirements of the *Disability Discrimination Act 1992*. The Department's Certified Agreement complies with the *Disability Discrimination Act 1992*.

Performance indicator 2: Recruitment information for potential job applicants is available in accessible formats on request

Performance measure: percentage of recruitment information requested and provided in accessible electronic formats, and accessible formats other than electronic

Average time taken to provide accessible information in electronic formats, and formats other than electronic

Current level of performance 2004–05

- All recruitment information is available in accessible electronic formats on the Internet and intranet.

- Recruitment staff are able to provide information in hard copy, large print or other formats upon request.

- There were no requests for information in other accessible formats.

- Electronic format information has an approximate download time of 20 seconds through a web-based tool.

- Timelines for the provision of other than electronic formats is dependent on the delivery mechanism.

Performance indicator 3: Agency recruiters and managers apply the principle of reasonable adjustment

Performance measure: percentage of recruiters and managers provided with information on reasonable adjustment

Current level of performance 2004–05

The principle of reasonable adjustment is applied by the Department in the recruitment of people with a disability and all recruiters and managers have access to the *Disability Discrimination Act 1992* through the Department's intranet link.

Performance indicator 4: Training and development programs consider the needs of staff with disabilities

Performance measure: percentage of training and development programs that consider the needs of staff with disabilities

Current level of performance 2004–05

All training and development courses provide facilities that have reasonable access for people with disabilities. Staff with disabilities who book for internal courses are encouraged to discuss their needs with HR Services.

Performance indicator 5: Training and development programs include information on disability issues as they relate to the content of the program

Performance measure: percentage of training and development programs that include information on disability issues as they relate to the program

Current level of performance 2004–05

The following programs were conducted in 2004–05 and included significant information on disability issues:

- two half-day programs titled 'Workplace equity and diversity';

- three sessions, 'APS values' and 'Understanding the Code of Conduct';

- two sessions on 'Working successfully with others';

- two sessions entitled 'Working effectively together'; and

- one workplace diversity and one contact officer training session.

Performance indicator 6: Complaint/grievance mechanism, including access to external mechanisms, in place to address issues and concerns by staff

Performance measure: established complaints/grievance mechanisms, including access to external mechanisms, in operation

Current level of performance 2004–05

- The certified agreement includes provisions for complaint and grievance resolution, including access to external mechanisms.

SECTION 4

Appendix 5

Freedom of information

This statement is provided in accordance with section 8 of the *Freedom of Information Act 1982* and is correct as at 1 July 2005.

Section 8 of the FOI Act requires each agency to publish detailed information about the way it is organised, its powers, the kinds of decisions made, arrangements for public involvement in the work of the agency, documents held by the agency and how members of the public can access these documents.

Access to records under the FOI Act

Members of the public are entitled to apply for access to documents under the FOI Act. In many cases the FOI Act may not need to be used. The information sought may be readily accessible through the Department's website at *www.dcita.gov.au*, or by telephoning the manager of Corporate Communications on 02 6271 1255.

Decisions on granting access to documents under the FOI Act are generally made by the Senior Executive Service officer responsible for the work area to which the request relates. Access is usually provided in the form of copies of

documents. Alternatively, the Department can provide a reading area for the inspection of documents made available under the FOI Act.

Members of the public seeking access to documents under the FOI Act should make a request in writing to the Department or the relevant portfolio agency and enclose the fee payable under the regulations in respect of the request. These requests should include contact details including a telephone number and an address in Australia to which notifications can be posted. The Department's freedom of information coordinator can help with this process, telephone 02 6271 1657.

FOI requests for the Department should be addressed to:

The Secretary
Department of Communications, Information Technology and the Arts
GPO Box 2154
CANBERRA ACT 2601

Attention: Freedom of Information Coordinator

Portfolio agencies, listed at page 230 are part of the Communications, Information Technology and the Arts portfolio but are

not part of the Department's functional and organisational structure. To obtain information or documents from these agencies, please contact them directly. Contact details are provided at appendix 1.

Categories of documents

The Department has extensive document holdings, in both hard copy and electronic form. Certain categories of documents are common throughout the Department. These include:

- documents relating to policy development and program administration, including reports, briefings, correspondence, minutes, submissions, statistics and other documents;

- Cabinet submissions/memoranda;

- ministerial briefings;

- records of representations to the portfolio ministers and of other applications for advice and assistance;

- reference material used by staff including guidelines and manuals;

- audio and visual recordings held as part of the Department's cultural development activities; and

- legal advice.

The subject matter of departmental records includes the following.

Cultural and sporting matters

- Performing, literary and visual arts

- Collections sector

- International cultural relations

- Public and educational lending rights

- Cultural access programs

- Taxation issues relating to the cultural sector

- Trade issues relating to the cultural sector

- Return of Indigenous cultural property

- Cultural Ministers Council

- Support for the arts and culture

- The Centenary of Federation in 2001

- Federation Fund projects

- Film

- National recreation safety organisations

- Administration of 2004 election commitments for financial support for the development of sport and recreation facilities and projects

- National anti-doping policy and programs

- International anti-doping forums

- Olympic, Paralympic and Commonwealth Games

- Public liability insurance

- Sports participation

- Sport and leisure industry

- Sport and Recreation Ministers Council

- Portfolio agencies

SECTION 4

Telecommunications

- Telecommunications policy, legislation and regulation

- Postal policy, legislation and regulation

- International communications—bilateral and multilateral arrangements including Universal Postal Union and Asian–Pacific Postal Union

- Maintaining international linkages and institutional frameworks through International Telecommunication Union, APEC, World Trade Organisation and other relevant multilateral forums

- Telstra and Australia Post—corporate accountability

- Networking the Nation general fund

- Telstra social bonus programs

- Untimed local calls in extended zones agreement

- Telecommunications Service Inquiry and implementation of Government's response

- Telecommunications Action Plan for Remote Indigenous Communities (TAPRIC)

- Consumer representation and research grants program

- Bilateral trade and cooperation including free trade negotiations

- Regional Telecommunications Inquiry and implementation of Government's response

- RTI Community Information campaign

- Higher Bandwidth Incentive Scheme (HiBIS)

- Metropolitan Broadband Blackspots program

Information and communications technology

- Information and communications technology (ICT) industry development policy, including ICT Framework for the Future project

- ICT industry development programs, including ICT incubators

- ICT industry development aspects of government procurement

- ICT innovation policy, including Backing Australia's Ability program and skills

- NICTA ICT centre of excellence

- Regional Telecommunications Infrastructure Fund

- National Communications Fund

- Intellectual property policy

- Commonwealth Copyright Administration

Information economy

- Netspots directory (a database collecting records of public Internet access facilities across Australia)

- Coordinated Communications Infrastructure Fund

- Broadband Demand Aggregation Brokers program

- National Broadband Strategy Implementation Group

- Broadband Advisory Group

- IT Skills Hub

- Digital divide

- Community connectivity

- Broadband development policy

- ICT industry skills

- ICT literacy

- e-business

- Information Technology Online program

- Critical infrastructure protection—cyber security component

- Online legal and regulatory framework, including spam and Internet domain names

- e-security and trust issues including: IT security skills; e-security research and development, authentication; cyber security and cyber fraud

- Maintaining international linkages and institutional frameworks through the International Telecommunication Union, APEC, OECD, International Corporation for the Assignment of Domain Names and Numbers and other relevant multilateral forums

Broadcasting

- Broadcasting policy and development of regulation

- Commercial, national and community broadcasting services

- Television and radio, including digital conversion, pay television, subscription and narrowcasting services

- Broadcasting technology

- International communications — bilateral and multilateral arrangements including INTELSAT

- Radiocommunications policy, legislation and regulation

- Online content policy and legislation, including online gambling regulation

- TV Fund, including the Television Black Spots program

- Television Black Spots—Alternative Technical Solutions program

- Commercial Radio Black Spots program

- Regional Equalisation Plan

Indigenous programs

- Broadcasting program

- Maintenance of Indigenous languages and records

- Maintenance and promotion of Indigenous arts and cultures

- Indigenous sport and recreation program

Legal

- Legal advice, instructions to solicitors and counsel concerning matters before courts and tribunals

SECTION 4

- Freedom of information requests

- Ombudsman complaints

- Privacy complaints

- Documents relating to the drafting of legislation and contracts

Corporate and business

- Human resource management policy and operations

- Financial and budget management

- IT and facilities management

- Other corporate support services

Manuals

In accordance with section 9 of the FOI Act, a list has been compiled of unpublished manuals and other documents used by departmental staff as a guide to procedures and practices to be followed when dealing with the public. The list is correct as at 1 July 2005 and is available on request from the FOI coordinator, any office of the National Archives of Australia or the Archives' website.

Organisation and functions

Information about the organisation and functions of the Department is contained in the Overview and Management and accountability sections of this annual report.

Decision-making powers of the Department affecting members of the public

Decision-making powers of the Department and/or the Minister that may affect members of the public are exercised under or in relation to the following Acts or regulations or other instruments made under those Acts.

- *Appropriation (Supplementary Measures) Act (No.1) 1999*

- *Archives Act 1983*

- *Australia Council Act 1975*

- *Australian Broadcasting Corporation Act 1983*

- *Australian Communications and Media Authority Act 2005*

- *Australian Film Commission Act 1975*

- *Australian Film, Television and Radio School Act 1973*

- *Australian National Maritime Museum Act 1990*

- *Australian Postal Corporation Act 1989*

- *Australian Sports Commission Act 1989*

- *Australian Sports Drug Agency Act 1990*

- *Broadcasting Services Act 1992*

- *Datacasting Charge (Imposition) Act 1998*

- *Film Licensed Investment Company Act 2005*

- *Financial Management and Accountability Act 1997*

- *Income Tax Assessment Act 1936*—Divisions 10B and 10BA of Part III for certification of Australian films for tax concessions

- *Income Tax Assessment Act 1997*—section 30–210 for the approval of valuers for the Cultural Gifts Program; subsection 30–305(2) in Division 30 for the approval of cultural organisations for the Register of Cultural Organisations; and Division 376 for the certification of films for eligibility for the refundable tax offset for film production in Australia

- *Interactive Gambling Act 2001*

- Migration Regulations 1994, Schedule 2—in respect to the entry of foreign actors to Australia

- *National Gallery Act 1975*

- *National Library Act 1960*

- *National Museum of Australia Act 1980*

- *National Transmission Network Sale Act 1998*

- *NRS Levy Imposition Act 1998*

- *Public Lending Right Act 1985*

- *Public Service Act 1999*

- *Radiocommunications Act 1992*

- *Radiocommunications (Receiver Licence Tax) Act 1983*

- *Radiocommunications (Spectrum Licence Tax) Act 1997*

- *Radiocommunications Taxes Collection Act 1983*

- *Radiocommunications (Transmitter Licence Tax) Act 1983*

- *Radio Licence Fees Act 1964*

- *Spam Act 2003*

- *Special Broadcasting Service Act 1991*

- *Telecommunications Act 1997*

- *Telecommunications (Carrier Licence Charges) Act 1997*

- *Telecommunications (Consumer Protection and Service Standards) Act 1999*

- *Telecommunications (Numbering Charges) Act 1997*

- *Telecommunications (Transitional Provisions and Consequential Amendments) Act 1997*

- *Telecommunications (Universal Service Levy) Act 1997*

- *Television Licence Fees Act 1964*

- *Telstra Corporation Act 1991*

- *Trade Practices Act 1974,* Parts XIB and XIC

SECTION 4

Arrangements for outside participation and public involvement

The Department is open to the views of outside organisations and provides opportunities for members of the community to contribute to developing aspects of Australia's communications, information technology, arts and sport sectors.

Information about issues on which the Department is currently consulting is available on the Department's website at *www.dcita.gov.au*

The Department has an ongoing involvement with the following bodies, which play a role in consulting with the community and industry.

- Collections Council of Australia
- Committee on Taxation Incentives for the Arts
- Community Broadcasting Foundation
- Contemporary Music Touring Program Committee
- Cultural Ministers Council
- Festivals Australia Committee
- Film Certification Advisory Board
- Media and Communications Council
- Online Council
- Playing Australia Committee
- Public Lending Right Committee
- Sport and Recreation Ministers Council
- Visions of Australia Committee.

Further details of these bodies are listed on the Department's website at *www.dcita.gov.au.*

Appendix 6

Advertising and market research

Following are details of all amounts of $1500 or more paid by the Department during the year to:

• advertising agencies;

• market research organisations;

• polling organisations;

• direct mail organisations; and

• media advertising organisations.

The total value of all advertising and market research is $1 137 722

Advertising agencies

Organisation name	Purpose	Amount of payment
Bearcage Productions	Production of television advertisement	$4 653.50
Bearcage Productions	Production of television advertisement	$3 669.11
Executive Media Pty Ltd	Advertising Telinfo in The Australian Local Government Yearbook 2005	$2 195.00
M & C Saatchi Agency Pty Ltd	Australian Government community information campaign in response to the Regional Telecommunications Inquiry	$83 643.00
	Advertising agencies total	$94 160.61

SECTION 4

Appendix 6

Market research organisations

Organisation name	Purpose	Amount of payment
Economic Strategies	Consultancy for national statistical framework for the contemporary music industry	$11 000.00
Bostan Consulting Company	Consultancy services for the Orchestras Review	$89 899.70
Buchan Communications	Consultancy to identify the major skills and training issues affecting the digital content industry	$15 920.00
CRC for Sustainable Tourism Pty Ltd	Statistics Working Group cultural tourism research project	$15 950.00
Content Capital	Explore alternative ways to cover the critical issues included in the investment and funding research component of the Creative Industries Cluster Study	$15 936.00
Environmetrics Pty Ltd	Old Parliament House research services 2003–2004	$1 650.00
Environmetrics Pty Ltd	Interpretation evaluation of Old Parliament House	$8 752.00
Environmetrics Pty Ltd	Market research activities for Old Parliament House to help identify target markets and tailor products to those markets.	$30 424.00
Quantum Market Research (Aust) Pty Ltd	Market research concept testing benchmarking and tracking research for the Regional Telecommunication Inquiry community information campaign	$65 010.00
	Total market research organisations	$254 541.70

Media advertising organisations

Organisation name	Purpose	Amount of payment
HMA Blaze Pty Ltd	Advertising for Contemporary Music Touring Program, Festivals Australia, Playing Australia and Visions of Australia	$61 188.00
HMA Blaze Pty Ltd	Advertising for sport and anti-doping research grant funding	$7 934.62
Cinden Lester Communications	Australian Government Stories pitching plan phase 1	$5 324.00
HMA Blaze Pty Ltd	Advertisement for 2003–04 Public Lending Right/Educational Lending Right programs	$3 615.70
HMA Blaze Pty Ltd	Advertisement for 2004–05 Public Lending Right/Educational Lending Right programs	$27 275.00
HMA Blaze Pty Ltd	Advertising for recruitment of Australian Sport Drug Agency chief executive officer	$12 014.00
HMA Blaze Pty Ltd	Request for tender	$3 635.74
HMA Blaze Pty Ltd	Request for tender	$3 009.01
HMA Blaze Pty Ltd	Request for Tender	$3 438.86

Organisation name	Purpose	Amount of payment
HMA Blaze Pty Ltd	Request for tender	$3 811.50
HMA Blaze Pty Ltd	Request for tender	$3 223.94
HMA Blaze Pty Ltd	Request for tender	$4 427.28
HMA Blaze Pty Ltd	Positions vacant M2006	$2 089.00
HMA Blaze Pty Ltd	Advertisement for recruitment of Commonwealth Copyright Agency chief executive officer	$6 001.02
HMA Blaze Pty Ltd	Position vacant APS 6 Innovation and Access	$3 850.67
HMA Blaze Pty Ltd	Advertising for Register of Cultural Organisations and Cultural Gifts programs	$28 764.00
Cinden Lester Communications	Writing services for the M2006 Commonwealth Games	$3 866.00
HMA Blaze Pty Ltd	Advertising for request for Tender of DCON/05/01	$2 623.50
HMA Blaze Pty Ltd	Advertising for request for Tender of DCON/05/03	$3 610.81
HMA Blaze Pty Ltd	Advertising for request for tender of DCON/05/33	$6 251.52
HMA Blaze Pty Ltd	Advertising for an ongoing position in the Broadcast Industry and Planning	$5 226.54
HMA Blaze Pty Ltd	Advertising for chair/chief executive officer of Australian Communications and Media Authority in the *Australia Financial Review*	$7 550.62
HMA Blaze Pty Ltd	Advertising for chair/chief executive officer of Australian Communications and Media Authority in the *Sydney Morning Herald*	$8 581.19
HMA Blaze Pty Ltd	Advertising for chair/chief executive officer of Australian Communications and Media Authority in the *Melbourne Age*	$6 184.00
HMA Blaze Pty Ltd	Advertising for chair/chief executive officer of Australian Communications and Media Authority in the *Australian*	$4 488.00
HMA Blaze Pty Ltd	Advertising for chair/chief executive officer of Australian Communications and Media Authority in the *Australian*	$9 792.38
HMA Blaze Pty Ltd	Advertising for the review of arrangements for broadcasting digital TV	$3 309.89
HMA Blaze Pty Ltd	Indigenous Digital TV Service	$2 142.36
HMA Blaze Pty Ltd	Indigenous Digital TV Service	$2 661.12
HMA Blaze Pty Ltd	Indigenous Digital TV Service	$5 493.31
HMA Blaze Pty Ltd	Two reviews on the regulatory framework for digital television.	$2 656.76
HMA Blaze Pty Ltd	Advertising for chair/chief executive officer of Australian Communications and Media Authority in the *Canberra Times*	$1 898.60
HMA Blaze Pty Ltd	Indigenous Digital TV Service	$1 565.39
HMA Blaze Pty Ltd	Advertising	$1 868.33
HMA Blaze Pty Ltd	Indigenous Digital TV Service	$4 400.00

Organisation name	Purpose	Amount of payment
Hobsons Australia Pty Ltd	Advertising in *Graduate Opportunities* publication	$3 740.00
HMA Blaze Pty Ltd	Advertising tender for rehabilitation case management services	$4 573.80
HMA Blaze Pty Ltd	Advertising tender for non-ongoing employment and related ad hoc services	$3 850.67
HMA Blaze Pty Ltd	Graduate program advertising	$6 141.03
HMA Blaze Pty Ltd	Graduate program advertising	$15 206.52
Hobsons Australia Pty Ltd	Advertising in *Graduate Opportunities* publication	$3 740.00
HMA Blaze Pty Ltd	Campaign and non-campaign advertising	$5 322.00
AAA Tourism	Half-page advertisement in *Experience NSW & ACT*	$3 291.00
TW Media Pty Ltd	Advertising in *This Week in Canberra*	$3 800.01
Universal McCann	*Petrov* TV scheduling	$67 866.19
Avant Cards	Production of promotional postcards	$5 412.00
TW Media Pty Ltd	Advertising in *This Week in Canberra*	$3 800.01
Universal McCann	Old Parliament House TV advertising	$6 621.34
Beyond the Hill	Advertisement in 2005 edition	$2 750.00
Beyond the Hill	Advertisement in 2005 edition	$2 750.00
TW Media Pty Ltd	Advertising in *This Week in Canberra*	$3 799.99
iMedia Asia Pacific Pty Ltd	Advertising in *Limelight Magazine*	$3 176.25
Capital Magazine Publishing	Advertising in magazine	$9 450.00
HMA Blaze Pty Ltd	Advertising	$80 335.18
TW Media Pty Ltd	Advertising in *This Week in Canberra*	$2 230.01
Craft Arts International	Advertising in *Craft Art Magazine*	$3 080.00
Prime Television Pty Ltd	TV advertising	$1 705.00
HMA Blaze Pty Ltd	Advertising in *Sydney Morning Herald*	$31 750.16
HMA Blaze Pty Ltd	Advertising in *Panorama*	$15 390.34
HMA Blaze Pty Ltd	Advertising in the *Australian*	$3 795.00
HMA Blaze Pty Ltd	Advertising in *Adelaide Advertiser*	$2 200.00
HMA Blaze Pty Ltd	Advertising in *Limelight Magazine*	$3 300.00
HMA Blaze Pty Ltd	Advertising in *Floriade Guide*	$2 520.00
HMA Blaze Pty Ltd	Floriade advertising	$2 819.23
HMA Blaze Pty Ltd	Advertising in *Limelight Magazine*	$2 200.00
HMA Blaze Pty Ltd	Floriade advertising	$2 285.25
HMA Blaze Pty Ltd	Advertising in *Canberra Times*	$2 317.76
HMA Blaze Pty Ltd	Advertising in *Panorama*	$29 756.94
HMA Blaze Pty Ltd	Advertising in *Sydney Morning Herald*	$6 953.27
HMA Blaze Pty Ltd	Advertising in *Sydney Morning Herald*	$2 317.76
HMA Blaze Pty Ltd	Advertising in *Sydney Morning Herald*	$2 317.76
HMA Blaze Pty Ltd	Advertising in *Sydney Morning Herald*	$2 317.76
HMA Blaze Pty Ltd	Advertising in *Australian*	$3 883.70
HMA Blaze Pty Ltd	Advertising in *Limelight Magazine*	$2 200.00
HMA Blaze Pty Ltd	Advertising in *Panorama*	$2 598.77
HMA Blaze Pty Ltd	Advertising in *Sydney Morning Herald*	$4 037.29
HMA Blaze Pty Ltd	Advertising regional agents tender DCON/04/152 - 6 & 10/11/05	$3 911.09

Organisation name	Purpose	Amount of payment
HMA Blaze Pty Ltd	Advertising for Indigenous Online and Internet Access Program	$3 531.00
Local Business Support & Community Services Pty Ltd	Advertising in *Royal Flying Doctor Services Handbook*	$5 590.00
HMA Blaze Pty Ltd	Advertising for the National Relay Service tender 15/1/05	$4 470.84
HMA Blaze Pty Ltd	Advertising for EL1 position in EIB 12/2/05	$5 487.87
HMA Blaze Pty Ltd	Advertisement in the *Weekend Australian* for Telecommunications Action Plan for Remote Indigenous Communities computer tender -26/02/05	$4 205.92
HMA Blaze Pty Ltd	Advertising for S593 research and representation grants 16/4/05	$29 901.47
HMA Blaze Pty Ltd	Advertising for MBBP tender 25/6/05	$3 763.19
HMA Blaze Pty Ltd	Advertisement SES Band 1 vacancy.	$5 473.03
HMA Blaze Pty Ltd	Advertise IT Training and Technical Support program	$1 724.01
HMA Blaze Pty Ltd	To provide newspaper advertising for Information Technology Online Round 12	$5 102.06
HMA Blaze Pty Ltd	To provide newspaper advertising for Information Technology Online Round 13	$6 442.40
HMA Blaze Pty Ltd	To provide newspaper advertising for Information Technology Online Round 13	$8 478.33
HMA Blaze Pty Ltd	Advertisement in newspapers for spyware public workshops	$4 975.74
HMA Blaze Pty Ltd	Advertisement in newspapers for spyware public workshops	$4 330.33
HMA Blaze Pty Ltd	Advertisement in newspapers for spyware public workshops	$3 238.52
HMA Blaze Pty Ltd	Advertisement in newspapers for spyware public workshops	$1 670.96
HMA Blaze Pty Ltd	Advertisement in newspapers for spyware public workshops	$2 981.55
HMA Blaze Pty Ltd	Advert in *Weekend Australian* for tenders 19 February	$3 763.00
HMA Blaze Pty Ltd	Advertising	$48 604.37
	Total media advertising organisations	$789 020.33

SECTION 4

Appendix 7

Discretionary grants

Discretionary grants are payments where the Minister or paying agency has discretion in determining whether or not a particular applicant receives funding and the conditions that apply in return for the grant.

The discretionary grant programs administered by the Department in 2004–05 are listed below.

- Commercial Radio Black Spots program

- Community Broadcasting

- Consumer representation and research grants

- Coordinated Communications Infrastructure Fund

- Demand Aggregation Brokers program

- IT Training and Technical Support program

- National Recreation Safety Fund

- Networking the Nation

- Remote commercial transmission supplementation

- Television Black Spots—Alternative Technical Solutions program

- Television Fund

- Cultural Development Program

- Contemporary Music Touring Program

- Festivals Australia

- Playing Australia

- Regional Arts Fund

- Visions of Australia

More information about these programs is available on the Department's website at *www.dcita.gov.au*. A list of grant recipients for each program is available on request.

Appendix 8

Ecologically sustainable development and environmental performance

The Department continued its commitment to ecologically sustainable development and environmental performance via the following initiatives in the Department's environment policy, which are aimed at minimising the effect that the Department's daily activities have on the environment:

- reducing the natural resources necessary for its operations;

- reusing and recycling waste and materials consumed by its activities;

- complying with relevant legislation, Government initiatives and policies;

- effectively communicating environmental responsibilities, initiatives and programs to all stakeholders;

- encouraging participation in the workplace and promoting awareness of environmental opportunities in the wider community; and

- applying the principles of ecologically sustainable development to capital works projects.

Specific initiatives undertaken during the year to assist in this aim included:

- DASCEM Pty Ltd completed a level 2 energy audit of all Departmental operations in the Australian Capital Territory in accordance with the Australian Standard 3589:2000. The audit addressed lighting, air conditioning and general power, and provided recommendations regarding how the Department may be able to reduce energy usage and therefore our greenhouse gas emissions;

- completed an initial environmental review of the Department's main building at 28 National Circuit;

- participated in the Australian National Audit Office green office procurement survey;

- participated through an inter-departmental committee on the development of a national packaging covenant;

- completed the lighting control upgrade, commenced in 2003–04, in the Department's main building at 38 Sydney Ave, which has delivered a saving in energy usage of approximately 10 per cent in the building;

- completed a conference room fit-out, started in 2003–04, that included efficient mechanical and lighting systems that run on an 'as required' basis and the provision of new seating manufactured from 60 per cent recycled product; and

- continued purchase of five per cent green energy.

These initiatives have allowed the Department to move closer to the accreditation and further improvement of the Department's environmental management system, which is now planned for 2005–06.

Ongoing monitoring of the environmental management system was also a focus during the year via the following processes:

- conducting waste audits to report to the Environmental Management System (EMS) Working Group;

- energy consumption monitoring through the Australian Greenhouse Office's EDGAR online system; and

- an annual internal review by the Department's environmental coordinator to ensure EMS documentation is maintained in accordance with ISO 140001:1996.

Financial statements

Australian National
Audit Office

INDEPENDENT AUDIT REPORT

To the Minister for Communications, Information Technology and the Arts

Matters relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements published in both the annual report and on the website of the Department of Communications, Information Technology and the Arts for the year ended 30 June 2005. The Department's Secretary is responsible for the integrity of both the annual report and its web site.

The audit report refers only to the financial statements, schedules and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements.

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the Department's annual report.

Scope

The financial statements and Secretary's responsibility

The financial statements comprise:

- Statement by the Secretary and Chief Finance Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements

of the Department of Communications, Information Technology and the Arts for the year ended 30 June 2005.

The Department's Secretary is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Department of Communications, Information Technology and the Arts, and that comply with accounting

standards, other mandatory financial reporting requirements in Australia, and the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*. The Department's Secretary is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Department's financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and

- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Secretary.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the financial statements of the Department of Communications, Information Technology and the Arts:

(a)   have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and

(b)   give a true and fair view of the Department of Communications, Information Technology and the Arts' financial position as at 30 June 2005 and of its performance and cash flows for the year then ended, in accordance with:

      (i)   the matters required by the Finance Minister's Orders; and

      (ii)   applicable accounting standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office

Richard Rundle
Executive Director

Delegate of the Auditor-General

Canberra
1 September 2005

Australian Government

**Department of Communications,
Information Technology and the Arts**

**DEPARTMENT OF COMMUNICATIONS, INFORMATION TECHNOLOGY
AND THE ARTS (DCITA)**

2004-2005 FINANCIAL STATEMENTS

STATEMENT BY THE DEPARTMENTAL SECRETARY
AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2005 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997.*

Signed..

Helen Williams AO
Secretary

September 2005

Signed..

Jennifer Gale FCPA
Chief Financial Officer

September 2005

Department of Communications, Information Technology and the Arts
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2005

	Notes	2005 $'000	2004 $'000
Revenues from ordinary activities			
Revenue from Government	4A	**114,180**	120,590
Goods and services	4B	**4,149**	5,879
Interest	4C	**12**	79
Revenues from sale of assets	4D	**24**	69
Other revenue	4E	**3,947**	3,710
Total revenues from ordinary activities		**122,312**	130,327
Expenses from ordinary activities			
(excluding borrowing costs expense)			
Employees	5A	**63,908**	48,430
Suppliers	5B	**38,824**	37,962
Grants	5C	**8,918**	9,327
Depreciation and amortisation	5D	**2,597**	1,618
Write-down and impairment of assets	5E	**11**	-
Value of asset sold	4D	**64**	418
Subsidies	5G	**-**	-
Other expenses	5F	**421**	772
Total expenses from ordinary activities			
(excluding borrowing costs expense)		**114,743**	98,527
Borrowing costs expense	6	**17**	26
Net operating surplus / (deficit) from ordinary activities		**7,552**	31,774
Net credit / (debit) to asset revaluation reserve	12A	-	4,894
Increase / (decrease) in accumulated results on initial application of fair value under accounting standard AASB1041 *Revaluation of Non-current Assets*	12A	-	(2)
Total revenues, expenses and valuation adjustments attributable to the Australian Government and recognised directly in equity		**-**	4,892
Total changes in equity other than those resulting from transactions with the Australian Government as owners		**7,552**	36,666

The above statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
STATEMENT OF FINANCIAL POSITION
as at 30 June 2005

	Notes	2005 $'000	2004 $'000
ASSETS			
Financial assets			
Cash	7A	**9,169**	12,812
Receivables	7B	**52,057**	36,112
Accrued revenue	7C	**22**	41
Total financial assets		**61,248**	48,965
Non-financial assets			
Land and buildings	8A	**6,165**	4,784
Infrastructure, plant and equipment	8B	**5,981**	5,061
Heritage and cultural assets	8C	**37,242**	35,784
Inventories	8F	**78**	108
Intangibles	8D	**742**	1,058
Other non-financial assets	8G	**1,919**	4,537
Total non-financial assets		**52,127**	51,332
TOTAL ASSETS		**113,375**	100,297
LIABILITIES			
Interest bearing liabilities			
Leases	9	**-**	28
Total interest bearing liabilities		**-**	28
Provisions			
Employees	10A	**18,340**	14,826
Provision for makegood on leased property	10B	**1,039**	-
Total provisions		**19,379**	14,826
Payables			
Suppliers	11A	**5,874**	4,673
Unearned income	11B	**2,209**	1,915
Lease incentive	11C	**349**	246
Other payables	11D	**846**	375
Total payables		**9,278**	7,209
TOTAL LIABILITIES		**28,657**	22,063
NET ASSETS		**84,718**	78,234
EQUITY			
Contributed equity	12A	**11,806**	13,156
Reserves	12A	**17,032**	16,750
Retained surpluses / (accumulated deficits)	12A	**55,880**	48,328
TOTAL EQUITY		**84,718**	78,234
Current assets		**28,990**	53,610
Non-current assets		**84,385**	46,687
Current liabilities		**14,427**	13,563
Non-current liabilities		**14,230**	8,500

The above statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Art
STATEMENT OF CASH FLOWS
for the year ended 30 June 2005

	Notes	2005 $'000	2004 $'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		5,018	7,460
Appropriations		112,621	125,267
Interest		15	171
Grant receipts		232	127
Net GST received from ATO		5,061	3,890
Other		2,384	1,598
Total cash received		125,331	138,513
Cash used			
Employees		(61,465)	(49,051)
Suppliers		(40,166)	(39,083)
Borrowing Costs		(2)	(53)
Grants		(7,127)	(10,404)
Cash transfers to OPA		(15,395)	(11,123)
Other		(923)	(883)
Total cash used		(125,078)	(110,597)
Net cash from / (used by) operating activities	13	253	27,916
INVESTING ACTIVITIES			
Cash received			
Proceeds from sales of property, plant, equipment and intangibles		24	54
Repayment of advance funding National Museum project		429	220
Total cash received		453	274
Cash used			
Purchase of property, plant, equipment and intangibles		(4,603)	(5,006)
Total cash used		(4,603)	(5,006)
Net cash from / (used by) investing activities		(4,150)	(4,732)
FINANCING ACTIVITIES			
Cash received			
Appropriations - contributed equity		3	340
Restructuring - transfer in ATSIS/ATSIC		279	-
Total cash received		282	340
Cash used			
Restructuring - transfer out NOIE, SSA & NSTC		-	(39,111)
Repayments of debt		(28)	(25)
Total cash used		(28)	(39,136)
Net cash from / (used by) financing activities		254	(38,796)
Net increase / (decrease) in cash held		(3,643)	(15,612)
Cash at the beginning of the reporting period		12,812	28,424
Cash at the end of the reporting period	7A	9,169	12,812

The above statement should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
SCHEDULE OF COMMITMENTS
as at 30 June 2005

	2005 $'000	2004 $'000
BY TYPE		
Capital commitments		
Infrastructure, plant and equipment	1,742	3
Total capital commitments	1,742	3
Other commitments		
Operating leases [(1)]	24,361	22,480
Project commitments	189	1,337
Research and development	-	105
Grant commitments	-	1,156
Service contract commitments	6,337	7,513
Other commitments	565	1,289
Total other commitments	31,452	33,880
Commitments receivable		
Old Parliament House tenancies	(303)	-
Old Parliament House service contracts	(520)	(1,065)
GST receivable	(2,938)	(2,814)
Total commitments receivable	(3,761)	(3,879)
Net commitments	29,433	30,004
BY MATURITY		
Capital commitments		
One year or less	1,742	3
From one to five years	-	-
Over five years	-	-
Total capital commitments by maturity	1,742	3
Operating lease commitments		
One year or less	7,299	6,913
From one to five years	16,831	15,479
Over five years	231	88
Total operating lease commitments by maturity	24,361	22,480
Other commitments		
One year or less	3,555	6,858
From one to five years	3,536	4,542
Over five years	-	-
Total other commitments by maturity	7,091	11,400
Commitments receivable	(3,761)	(3,879)
Net commitments by maturity	29,433	30,004

NB: Commitments are GST inclusive where relevant
The above schedule should be read in conjunction with the accompanying notes

Department of Communications, Information Technology and the Arts
SCHEDULE OF COMMITMENTS *(continued)*

(1)   The main operating leases include the following:

Nature of lease	General description of leasing arrangement
Leases for office accommodation	*Main office accommodation* Lease payments at 38 Sydney Avenue are subject to bi-annual reviews adjusted to reflect current market rates. The initial term for the office accommodation expires on 21 November 2007. Two further terms, each of 5 years, are able to be renewed at the Department's discretion following an assessment of its accommodation requirements and current market rates. *Secondary office accommodation* Lease payments at 44 Sydney Avenue are subject to a 4% fixed annual adjustment. The initial term for the office accommodation expires on 30 July 2010. A further term of 3 years is available at the Department's discretion following an assessment of its accommodation requirements and current market rates. Lease payments for 28 National Circuit (Burns Centre) are subject to an annual adjustment based on CPI. The initial term for the accommodation expires on 30 July 2010. There are no options in the lease for extension beyond this date. Lease payments for Artbank Melbourne Showroom are subject to a 3.5% annual adjustment. The initial term of the warehouse lease expires on 14 September 2007. An option for a further 3 years is available if required. The lease of the Artbank Sydney showroom expired on 30 June 2005. A new 3 year lease is being negotiated. A ten year finance lease for $175,000 of improvements was completed on 30 June 2005.
Agreements for the provision of motor vehicles to senior executive officers	No contingent rentals exist. There are no renewal or purchase options available to the Department.
Leases in relation to computer equipment	The lessor provides computer equipment designated as necessary in the supply contract for a period of three years. The lease will continue to operate until such time as the written notice is provided to the lessor. The letter of intent has now been sent to the lessor to terminate the lease. It is not intended to enter further leases for computer equipment after existing leases expire.

The above schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
SCHEDULE OF CONTINGENCIES
as at 30 June 2005

Contingent liabilities	Claims for damages/costs		Total	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Balance from previous period	**1,000**	450	**1,000**	450
New	-	-	**-**	-
Re-measurement	**(1,000)**	550	**(1,000)**	550
Liabilities crystallised	-	-	**-**	-
Obligations expired	-	-	**-**	-
Total contingent liabilities	**-**	1,000	**-**	1,000
Contingent assets	Claims for damages/costs		Total	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Balance from previous period	-	-	**-**	-
New	-	-	**-**	-
Re-measurement	-	-	**-**	-
Assets crystallised	-	-	**-**	-
Expired	-	-	**-**	-
Total contingent assets	**-**	**-**	**-**	**-**
Net contingencies	**-**	1,000	**-**	1,000

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified or considered remote, are disclosed in **Note 14: Contingent Liabilities and Assets**.

The above schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS

	Notes	2005 $'000	2004 $'000
Revenues Administered on Behalf of Government			
for the year ended 30 June 2005			
Non-Taxation Revenue			
Interest	19	**493**	745
Dividends	19	**2,368,948**	1,830,052
Industry levies	19	**247,113**	255,736
Other sources of non-taxation revenue	19	**28,552**	252,956
Total Revenues Administered on Behalf of Government		**2,645,106**	2,339,489
Expenses Administered on Behalf of Government			
for the year ended 30 June 2005			
Grants	20	**265,043**	304,690
Subsidies	20	**286,760**	235,380
Suppliers	20	**2,739**	1,092
Depreciation	20	**8,079**	6,814
Write-down and impairment of assets	20	**789**	7,046
Value of assets sold	20, 20A	**1,118**	-
Other expenses administered on behalf of government	20	**35,644**	69,165
Total Expenses Administered on Behalf of Government		**600,172**	624,187

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2005 $'000	2004 $'000
Assets Administered on Behalf of Government			
as at 30 June 2005			
Financial Assets			
Cash	21	**65**	910
Receivables	21	**6,230**	7,915
Accrued revenue	21	**-**	114
Investments	21	**7,249,798**	7,235,544
Total Financial Assets		**7,256,093**	7,244,483
Non-Financial Assets			
Land and buildings	21	**36,768**	36,759
Heritage and cultural assets	21	**45,705**	48,408
Other non-financial assets	21	**3,977**	2,567
Total Non-Financial Assets		**86,450**	87,734
Total Assets Administered on Behalf of Government		**7,342,543**	7,332,217
Liabilities Administered on Behalf of Government			
as at 30 June 2005			
Payables			
Suppliers	22	**7,461**	3,180
Grants and subsidies	22	**3,369**	2,403
GST payable	22	**4,642**	7,031
Other payables	22	**2**	2
Total Liabilities Administered on Behalf of Government		**15,474**	12,616
Net Assets Administered on Behalf of Government		**7,327,069**	7,319,601
Current Assets		**10,272**	23,533
Non-current Assets		**7,332,271**	7,308,684
Current Liabilities		**15,474**	12,616
Non-current Liabilities		**-**	-

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS (continued)

	Notes	2005 $'000	2004 $'000
Administered Cash Flows			
for the year ended 30 June 2005			
Operating Activities			
Cash Received			
Interest		608	675
Dividends		2,368,948	1,830,052
GST received from ATO		32,033	20,434
Other		88,205	82,889
Total Cash Received		2,489,794	1,934,050
Cash Used			
Grants		(281,324)	(304,119)
Subsidies		(126,849)	(75,825)
Suppliers		(3,756)	(1,631)
Other		(45,603)	(69,463)
Total Cash Used		(457,532)	(451,038)
Net Cash from / (Used in) Operating Activities		2,032,262	1,483,012
Investing Activities			
Cash Received			
Proceeds from returns of investments		12,027	6,325
Total Cash Received		12,027	6,325
Cash Used			
Purchase of property, plant, equipment and intangibles		(4,185)	(5,067)
Other		(626)	(335)
Total Cash Used		(4,811)	(5,402)
Net Cash From / (Used In) Investing Activities		7,216	923
Net Increase (Decrease) in Cash Held		2,039,478	1,483,935
Cash at the beginning of the reporting period		910	334
Cash from Official Public Account for:			
- Appropriations		332,754	324,132
- Special accounts		100,263	113,464
- Other		29,643	22,168
		462,660	459,764
Cash to Official Public Account for:			
- Appropriations		(1,070)	(2,161)
- Special accounts		(100,277)	(90,436)
- Dividends		(2,368,948)	(1,830,052)
- Other		(32,688)	(20,474)
		(2,502,983)	(1,943,123)
Cash at the End of Reporting Period	21	65	910

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS (continued)

	2005	2004
Administered Commitments	**$'000**	$'000
as at 30 June 2005		
BY TYPE		
Capital Commitments		
Land and buildings [1]	**17**	520
Heritage and cultural assets [2]	**1,720**	129
Total Capital Commitments	**1,737**	649
Other Commitments		
Project commitments [3]	**3,004**	247
Grant commitments [4]	**160,733**	130,536
Other commitments [5]	**9**	240
Total Other Commitments	**163,746**	131,023
Commitments Receivable	**(14,172)**	(8,108)
Net Commitments by Type	**151,311**	123,564
BY MATURITY		
Capital Commitments		
One year or less	**1,737**	644
From one to five years	**-**	5
Over five years	**-**	-
Total Capital Commitments	**1,737**	649
Other Commitments		
One year or less	**120,718**	94,917
From one to five years	**43,028**	36,106
Over five years	**-**	-
Total Other Commitments	**163,746**	131,023
Commitments Receivable	**(14,172)**	(8,108)
Net Commitments by Maturity	**151,311**	123,564

NB: All commitments are GST inclusive where relevant.

[1] Land and Buildings commitments relate to the construction in progress for the National Institute of Dramatic Arts building.

[2] Heritage and cultural assets commitments relate to the refurbishment of the Old Parliament House building and Heritage Assets.

[3] Project commitments largely relate to the Telstra Social Bonus Program.

[4] Grant commitments mainly relate to the Cultural Development Program, Building IT Strengths, ICT Centres of Excellence, Telecommunications Services Inquiry Response, Regional Telecommunications Inquiry, Sport and Recreational Facilities and Telstra Social Bonus Program.

[5] Other commitments relate to Telecommunications Action Plan for Remote Indigenous Communities Program.

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
SCHEDULE OF ADMINISTERED ITEMS (continued)

Administered Contingencies
as at 30 June 2005

Administered Contingent Liabilities	Other guarantees [1]		Indemnities [2]		Total	
	2005 $'000	2004 $'000	**2005 $'000**	2004 $'000	**2005 $'000**	2004 $'000
Balance from previous period	**-**	279	**959,059**	128,549	**959,059**	128,828
New	**150**	-	**394,490**	959,059	**394,640**	959,059
Re-measurement	**-**	-	**-**	-	**-**	-
Liabilities crystallised	**-**	-	**-**	-	**-**	-
Obligations expired	**-**	279	**959,059**	128,549	**959,059**	128,828
Total Administered Contingent Liabilities	**150**	-	**394,490**	959,059	**394,640**	959,059

	2005	2004
Administered Contingent Assets	Nil	Nil

[1.] Guarantee given to The Australian Ballet as a guarantee against loss - Playing Australia.
[2.] Commonwealth indemnity of art exhibitions.

Unquantifiable and remote but material contingencies are disclosed in Note 24: Administered Contingent Liabilities.

Statement of Activities Administered on Behalf of Government

The major administered activities of the Department of Communications, Information Technology and the Arts are directed towards achieving the three outcomes described in Note 1 to the Financial Statements. The major financial activities are the development of a rich and stimulating cultural sector for all Australians, the development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians, and development of services and provision of a regulatory environment which encourages an efficient and effective communications sector for the benefit of all Australians, and an internationally competitive information economy and information and communication technology industry.
Details of planned activities for the year can be found in the Agency Portfolio Budget and Portfolio Additional Estimates Statements for 2004-05, which have been tabled in Parliament.

The above schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note	Description
1	Summary of Significant Accounting Policies
2	Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006
3	Events Occurring After Reporting Date
4	Operating Revenues
5	Operating Expenses
6	Borrowing Costs Expense
7	Financial Assets
8	Non-Financial Assets
9	Interest Bearing Liabilities
10	Provisions
11	Payables
12	Equity
13	Cash Flow Reconciliation
14	Contingent Liabilities and Assets
15	Executive Remuneration
16	Remuneration of Auditors
17	Average Staffing Levels
18	Financial Instruments
19	Revenues Administered on Behalf of Government
20	Expenses Administered on Behalf of Government
21	Assets Administered on Behalf of Government
22	Liabilities Administered on Behalf of Government
23	Administered Reconciliation Table
24	Administered Contingent Liabilities
25	Administered Investments
26	Administered Restructuring
27	Administered Financial Instruments
28	Appropriations
29	Specific Payment Disclosures
30	Reporting of Outcomes

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 1: Summary of Significant Accounting Policies

1.1   Objectives of the Department

The Department of Communications, Information Technology and the Arts supports the communications, information technology, cultural and sports sectors by providing strategic policy advice to Government and delivering a range of Commonwealth grants and incentive programs.

The Department incorporates Artbank and is structured to meet three Outcomes.

Outcome 1: Development of a rich and stimulating cultural sector for all Australians.

This Outcome is achieved through:

- policy advice, program management and agency support which promotes excellence in, preservation and maintenance of and access to Australia's cultural activities, cultural collections and indigenous languages; and

- preservation of and access to Old Parliament House and the National Portrait Gallery and their respective collections.

Outcome 2: Development of a stronger and internationally competitive Australian sports sector and encouragement of greater participation in sport by all Australians.

This Outcome is achieved through:

- policy advice, program management and agency support in relation to sports, anti-doping and industry development measures which support the Australian sports sector.

Outcome 3: Development of services and provision of a regulatory environment which encourages a sustainable and effective communications sector for the benefit of all Australians, and an internationally competitive information economy and information and communication technology industry.

This outcome is achieved through:

- policy advice and program management which encourages competitively priced and reasonably accessible telecommunications and postal services;

- policy advice and program management which promote accessible high quality broadcasting services;

- policy advice and program management that assist the development of the information and communications technology industry;

- policy advice and program management of copyright issues that encourages the production of content and promotes reasonable access to research and cultural materials; and

- strategic advice, activities and representation relating to Australia's development as an information economy, nationally and internationally.

The Department's activities contributing toward these outcomes are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Department in its own right. Administered activities involve the management or oversight by the Department, on behalf of the Government, of items controlled or incurred by the Government.

There have been changes to the outcome and output structure of the Department since the 2003-04 Financial Statements. These changes are a result of the transfer of information economy functions from the National Office for the Information Economy (NOIE) to the Department.

The continued existence of the Department in its present form is dependent on Government policy and continuing appropriations by Parliament.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Restructuring

During 2004-05, following the Government's decision to abolish the Aboriginal and Torres Strait Islander Commission (ATSIC) and the Aboriginal and Torres Strait Islander Services (ATSIS), the Department gained responsibility for indigenous functions and programs relating to culture, sport and broadcasting.

From 1 March 2005 the Crown Copyright function transferred to the Attorney General's Department.

1.2   Basis of Accounting

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report.

The statements have been prepared in accordance with:

• Finance Minister's Orders (or FMOs, being the *Financial Management & Accountability Orders (Financial Statements for reporting periods ending on or after 30 June 2005)*);

• Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Board; and

• Consensus Views of the Urgent Issues Group.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets, which, as noted, are at valuation. Except where stated, no allowance is made or the effect of changing prices on the Department's financial results or financial position.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 14).

Administered revenues, expenses, assets and liabilities and cash flows reported in the Schedule of Administered Items and related notes are accounted for on the same basis and using the same policies as for Departmental items, except where otherwise stated at 1.21.

1.3   Changes in Accounting Policy and Revisions to Estimates

The accounting policies used in the preparation of these financial statements are consistent with those used in 2003-04, except that artworks have been depreciated for the first time in 2004-05 (see Note 1.12 and Note 5D).

Based on revised estimates, a makegood provision relating to fitout on leased properties has been recognised in 2004-05. A corresponding expense was recognised. The makegood provision reflects the present value of the estimated likely expenditures that will be incurred in 2010 and 2012.

The Department received new Administered funding for the Community Broadcasting Foundation Limited (CBF) grant program through 2004-05 Additional Estimates. Existing CBF program funding is classified as Departmental, hence CBF grant expenses will be reported partly as Administered expenses and partly as Departmental expenses in the 2004-05 financial statements. From 2005-06, funding for the CBF program will be made by Administered appropriations. The 2004-05 is a transitional year.

1.4   Revenue

The revenues described in this note are revenues relating to the operating activities of the Department.

(a) Revenues from Government

Amounts appropriated for Departmental outputs appropriations for the year (less any current year savings offered up at Additional Estimates and reductions determined by the Finance Minister) are recognised as revenue. Appropriation receivables are recognised at their nominal amounts.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

(b) Resources Received Free of Charge

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as revenue at their fair value when the asset qualifies for recognition, unless received from another government agency as a consequence of a restructuring of administrative arrangements (refer to Note 1.5).

(c) Other Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of services is recognised by reference to the stage of completion of contracts or other agreements to provide services. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the relevant asset.

Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

1.5   Transactions by the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any savings offered up at Additional Estimates) are recognised directly in Contributed Equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Australian Government agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against equity.

Other distributions to owners

The FMOs require that distributions to owners be debited to contributed equity unless in the nature of a dividend.

1.6   Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled. Liabilities for wages and salaries (including non-monetary benefits), annual leave and other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts, using remuneration rates expected to be paid on settlement of the liability.

Leave

The Department's long service leave liability is measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The liability for long service leave was last determined by an actuary as at 30 June 2004. The estimate of the liability takes into account attrition rates and pay increases through promotion and inflation.

Calculation of annual and long service leave liabilities includes the Department's employer superannuation contribution rates, to the extent that the leave is likely to be taken during service rather than paid out on termination.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Department is estimated to be less than the annual entitlement for sick leave.

Superannuation

Staff of the Department are members of the Commonwealth Superannuation Scheme, the Public Sector Superannuation Scheme and other superannuation schemes. The liability for their superannuation benefits are

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

recognised in the consolidated financial statements of the Australian Government and are settled by the Australian Government in due course. The Department makes employer contributions to the Australian Government at rates determined by an actuary to meet the accruing cost to the Government of the superannuation entitlements of the Department's employees. The liability for superannuation recognised as at 30 June represents outstanding contributions for the last fortnight of the financial year.

1.7   Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the inception of the lease and a liability recognised for the same amount. The discount rate used is the estimated interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between principal repayments and interest expense.

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under non- cancellable lease agreements is expensed in the period in which the space becomes surplus. Lease incentives in the form of rent free periods are recognised as liabilities, with lease payments allocated between rental expense and reduction of the liability.

1.8   Borrowing Costs

All borrowing costs are expensed as incurred.

1.9   Cash

Cash means cheques, notes and coins held and any deposits held at call with a bank or financial institution. Cash is recognised at its nominal amount.

1.10   Other Financial Instruments

Receivables for Goods and Services

Receivables are recognised at the nominal amounts due less any provision for doubtful debts. Collectibility of debts is reviewed at balance date and a provision recognised when collection of the debt is judged to be unlikely.

Payables – Goods and Services

Payables are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised when the goods and services have been received but remain unpaid.

Grants Liability

Grants made by the Department are recognised as liabilities and expenses only at the time that the grantee had met all obligations and conditions required in the grant agreement.

Contingent Liabilities and Contingent Assets

Contingent liabilities (assets) are not recognised in the Statement of Financial Position but are discussed in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability (asset), or represent an existing liability (asset) in respect of which settlement is not probable or the amount cannot be reliably measured. Remote contingencies are part of this disclosure. Where settlement becomes probable, a liability (asset) is recognised. A liability (asset) is recognised when its existence is confirmed by a future event, settlement becomes probable or reliable measurement becomes possible.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

1.11   Acquisition of Assets

Asset Recognition

Assets are initially recorded at cost on acquisition, except as stated below. Assets purchases costing less than $2,000 are expensed in the year of acquisition, other than where they form part of a group of similar items which are significant in total.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor Department's accounts immediately prior to the restructuring.

1.12   Property, Plant and Equipment

Revaluations

Buildings, infrastructure, plant, equipment, heritage and cultural assets are carried at fair value, and are revalued with sufficient frequency such that the carrying amount of each asset class is not materially different at reporting date from its fair value. Fair values for each class of asset are determined as shown below.

Asset Class	*Fair value measured at:*
Buildings	Market selling price
Leasehold improvements	Depreciated replacement cost
Plant & equipment	Market selling price or depreciated replacement cost
Heritage and cultural assets	Market selling price or depreciated replacement cost

Under fair value, assets which are surplus to requirements are measured at their net realisable value. At 30 June 2005, the Department had no assets which are considered surplus to requirements.

Frequency

Buildings, infrastructure, plant, equipment, heritage and cultural assets are subject to a formal revaluation once every three years. Formal revaluations are conducted by an independent valuer.

Depreciation

All assets are depreciated over their estimated useful lives to the Department, using in all cases, the straight-line method of depreciation. Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2005	2004
Buildings		
• Buildings	**25 years**	25 years
• Leasehold improvements	**Lower of 10 years or term of lease**	Lower of 10 years or term of lease
Infrastructure, plant and equipment		
• Computer equipment	**3 – 5 years**	3 – 5 years
• Plant, office equipment, furniture & fittings	**5 – 10 years**	5 – 10 years

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
Heritage and Cultural Assets		
• Heritage assets	**2 – 40 years**	2 – 40 years
• Artworks	**10 – 500 years**	Nil
Intangibles		
• Externally purchased software	**3 – 5 years**	3 – 5 years
• Internally developed software	**3 – 5 years**	3 – 5 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 5D

1.13   Impairment of Non-Current Assets

Non-current assets carried at fair value at the reporting date are not subject to impairment testing.

Non-current assets carried at cost, which are not held to generate net cash inflows, have been assessed for indications of impairment. Where impairment exist, the carrying amount of the asset is written down to the higher of its net selling price and, if the entity would replace the assets service potential, its depreciated replacement cost.

No impairment was identified for property plant and equipment or heritage and cultural assets at 30 June 2005.

1.14   Intangibles

The Department's intangibles comprise of externally purchased and internally developed software for internal use. These assets are carried at cost.

No impairment was identified for intangible assets at 30 June 2005.

1.15   Inventories

Inventories held for resale are valued at the lower of cost and net realisable value.

Inventories not held for resale are valued at cost unless they are no longer required, in which case they are valued at net realisable value.

Costs incurred in bringing each item of inventory to its present location and condition are assigned as follows:

• raw materials and stores – purchase cost on a weighted average cost basis; and

• finished goods and work in progress – cost of direct materials and labour plus attributable costs that are capable of being allocated on a reasonable basis.

1.16   Taxation / Competitive Neutrality

The Department is exempt from all forms of taxation except fringe benefits tax and the goods and services tax (GST).

Revenue, expenses and assets are recognised net of GST except for:

• where the amount of GST incurred is not recoverable from the Australian Taxation Office; and

• receivables and payables in the statement of financial position.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Competitive Neutrality

The Department is subject to the Government's Competitive Neutrality guidelines however the Department has no business operations and therefore is not required to make Australian Income Tax Equivalent payments to Government.

1.17   Foreign Currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date.

1.18   Insurance

The Department has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through the Government's Comcare Australia.

1.19   Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation in these financial statements.

1.20   Rounding

Amounts have been rounded to the nearest $1,000 except in relation to the following items:

- act of grace payments and waivers;
- remuneration of executives;
- remuneration of auditors;
- appropriation note disclosures; and
- special accounts.

1.21   Reporting of Administered Activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Schedule of Administered Items and related Notes.

Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for Departmental items, including the application of Accounting Standards, Accounting Interpretations and UIG Consensus Views.

Administered Cash Transfers to and from Official Public Account

Revenue collected by the Department for use by the Government rather than the Department is Administered Revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance and Administration. Conversely, cash is drawn down from the OPA to make payments under appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the Administered cash held by the Department on behalf of the Government and reported as such in the Statement of Cash Flows in the Schedule of Administered Items and in the Administered Reconciliation Table in Note 23. Thus the Schedule of Administered Revenues and Expenses and Assets and Liabilities reflects the Government's transactions, through the Department, with parties outside the Government.

Revenue

All administered revenues are revenues relating to the core operating activities performed by the Department on behalf of the Government.

Dividend revenue is recognised when the paying entity declares the dividend, the dividend is approved and publicly announced.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Grants and Subsidies

The Department administers a number of grant and subsidy schemes on behalf of the Government.

Grant and subsidy liabilities are recognised to the extent that (i) the services required to be performed by the grantee have been performed or (ii) the grant eligibility criteria have been satisfied, but payments due have not been made. A commitment is recorded when the Government has a binding agreement to make the grants but services have not been performed or criteria satisfied. Where grants moneys are paid in advance of performance or eligibility, a prepayment is recognised.

Administered Investments

Administered investments in controlled entities are not consolidated because their consolidation is relevant only at the Whole of Government level. The Australian Government's investment in portfolio authorities and companies is valued at the aggregate of the Australian Government's share of the net assets or liabilities of each entity fixed as at 30 June 1997, adjusted for any subsequent capital injections or withdrawals and for any impairment losses.

Guarantees to Controlled Entities

The amounts guaranteed by the Australian Government have been disclosed in the Schedule of Administered Items and Note 24. At the time of completion of financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 2: Adoption of Australian Equivalents to International Financial Reporting Standards from 2005-2006.

The Australian Accounting Standards Board has issued replacement Australian Accounting Standards to apply from 2005-06. The new standards are the Australian Equivalents to International Financial Reporting Standards (AEIFRS). The International Financial Reporting Standards (IFRS) are issued by the International Accounting Standards Board. The new AEIFRS cannot be adopted early. The standards being replaced are to be withdrawn with effect from 2005-06, but continue to apply in the meantime, including for reporting periods ending on 30 June 2005.

The purpose of issuing AEIFRS is to enable Australian reporting entities reporting under the Corporations Act 2001 to be able to more readily access overseas capital markets by preparing their financial reports according to accounting standards more widely used overseas.

For profit entities complying with AEIFRS will be able to make an explicit and unreserved statement of compliance with International Financial Reporting Standards (IFRS) as well as a statement that the financial report has been prepared in accordance with Australian Accounting Standards.

AEIFRS contain certain additional provisions applicable to not-for-profit entities, including Australian Government agencies. Some of these provisions are in conflict with the IFRS and therefore the Department will only be able to assert compliance with AEIFRS.

Existing AASB standards that have no IFRS equivalent will continue to apply, including in particular AAS29 Financial Reporting by Government Departments.

Overall, the application of AEIFRS in 2005-06 is expected to only have a minor impact on the Department's financial statements.

Accounting Standard AASB 1047 Disclosing the Impact of Adopting Australian Equivalents to International Financial Reporting Standards requires that the financial statements for 2004-05 disclose:
- an explanation of how the transition to AEIFRS is being managed;
- an explanation of the key differences in accounting policies arising from the transition;
- any known or reliably estimable information about the impacts on the financial report had it been prepared using AEIFRS; and
- if the impacts of the above are not known or reliably estimable, a statement to that effect.

Where an entity is not able to make a reliable estimate, or where quantitative information is not known, the entity should update the narrative disclosures of key differences in accounting policies that are expected to arise from the adoption of AEIFRS.

The purpose of this Note is to make these disclosures.

Management of the transition to AEIFRS

The Department has taken the following steps for implementation of AEIFRS:
- the Department's Audit, Risk and Evaluation Committee is tasked with oversight of the transition to and implementation of AEIFRS;
- the Chief Finance Officer is formally responsible for the project and reports regularly to the Audit, Risk and Evaluation Committee (the Committee) on progress against the formal plan approved by the Committee;
- all major accounting policy differences between current AASB standards and AEIFRS have been identified;
- system changes necessary to be able to report under AEIFRS have been identified; and
- transitional Departmental and Administered balance sheets as at 1 July 2004 under AEIFRS were completed and presented to the Committee.

Consultants were engaged where necessary to assist with each of the above steps.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Major changes in accounting policy

The Department believes that the first financial report prepared under AEIFRS (ie at 30 June 2006) will be prepared on the basis that the Department will be a first time adopter under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting* Standards. Changes in accounting policies under AEIFRS are applied retrospectively, ie as if the new policy had always applied except in relation to the exemptions available and prohibitions under AASB1. This means that an AEIFRS compliant balance sheet has to be prepared as at 1 July 2004. This will enable the 2005-06 financial statements to report comparatives under AEIFRS.

Property, plant and equipment

It is expected that the 2005-06 Finance Minister's Orders will continue to require property, plant and equipment assets to be valued at fair value in 2005-06. As such, the values reflected at 30 June 2005 under existing standards also apply as at 1 July 2005 under AEIFRS.

A provision for makegood costs of $1.024m relating to fitout works, with a corresponding expense, has been recognised in 2004-05 under current Australian Accounting Standards. Under AEIFRS, the makegood provision will be capitalised rather than recognised as an expense and will be depreciated over the fitout's remaining useful life.

Impairment of Non-Current Assets

The Department's policy on impairment of non current assets is at Note 1.13. Under AEIFRS, non current assets will be subject to assessment for impairment and, if there are indications of impairment, an assessment of the degree of impairment. The impairment test is that the assets carrying amount must not exceed the greater of (a) fair value less costs to sell and (b) value in use. For non cash generating assets which would be replaced if the entity was deprived of them, value in use is depreciated replacement cost. The impairment loss is the difference between the asset's carrying amount and its estimated recoverable amount.

There were no indications of impairment as at 30 June 2005 so no assessments were required.

Inventory

The Department recognises inventories held for resale at the lower of cost and net realisable value. Inventories not held for resale are valued at cost unless they are no longer required, in which case they are valued at net realisable value. Under AEIFRS, inventory held for distribution for no consideration or for nominal consideration should be carried at the lower of cost or current replacement cost. An assessment is made at each balance date to ensure that the cost of these inventories does not exceed current replacement cost.

Employee Benefits

AEIFRS requires all employee entitlements due more than 12 months from reporting date to be discounted to present value, using the market yield on long term government bonds. Accordingly, the Department will need to discount to present value its non current annual leave provision. The reduction in non current annual leave provision would be $0.207m on 30 June 2005, with a corresponding increase in retained earnings of $0.243m (decrease to annual leave provision on transition date of 1 July 2004) and an offsetting increase in employee expenses in 2004-05 of $0.036m.

Revenues and Expenses

Under AEIFRS, gains and losses on the sale of property, plant, equipment and intangibles are to be shown net. Currently, proceeds on sale for these assets are shown as gross revenues and the carrying value of assets disposed are shown as gross expenses. Gains on disposal are also shown separately from revenues under AEIFRS.

Administered Items

There were no adjustments to the Administered schedules for 2004-05 due to the application of AEIFRS.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Reconciliation of Impacts – AGAAP to AEIFRS

	30 June 2005* $'000	30 June 2004 $'000
Reconciliation of Departmental Equity		
Total Departmental Equity under AGAAP	**84,718**	78,234
Increase to Accumulated Results for discounting of non current annual leave to present value as at 1 July 2004	**243**	243
Increase to 2004-05 Operating Result for capitalisation and depreciation of makegood costs	**981**	
Decrease to 2004-05 Operating Result for reduced decrease in non current annual leave provision as at 30 June 2005	**(36)**	
Total Departmental Equity under AEIFRS	**85,906**	78,477
Reconciliation of Departmental Accumulated Results		
Total Departmental Accumulated Results under AGAAP	**55,880**	48,328
Adjustments to Accumulated Results and to Operating Result (as outlined above)	**1,188**	243
Total Departmental Accumulated Results under AEIFRS	**57,068**	48,571
Reconciliation of Departmental Reserves		
Total Departmental Reserves under AGAAP	**17,032**	16,750
Adjustments	**-**	-
Total Departmental Reserves under AEIFRS	**17,032**	16,750
Reconciliation of Departmental Contributed Equity		
Total Departmental Contributed Equity under AGAAP	**11,806**	13,156
Adjustments	**-**	-
Total Departmental Contributed Equity under AEIFRS	**11,806**	13,156
Reconciliation of Net Surplus / (deficit) from ordinary activities for the year ending 30 June 2005		
Net Departmental Surplus from Ordinary Activities under AGAAP	**7,552**	
Adjustments:		
Capitalisation and depreciation of makegood costs	**981**	
Employee expenses	**(36)**	
Net Departmental surplus / deficit from ordinary activities under AEIFRS	**8,497**	

* 30 June 2005 total represents the accumulated impacts of AEIFRS from the date of transition.

Note 3: Events Occurring after Reporting Date

Under Section 161 of the *Australian Communications and Media Authority (ACMA) Consequential and Transitional Provisions Act 2005*, responsibility for the Universal Service Obligation (USO) Special Account transferred to the ACMA on 1 July 2005.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 **$'000**	2004 $'000
Note 4: Operating Revenues		
Note 4A: Revenue from Government		
Appropriations for outputs	**114,180**	117,520
Special Appropriations	**-**	3,070
Total revenues from government	**114,180**	120,590
Note 4B: Goods and Services		
Goods		
Sale of inventory goods	**64**	40
Other sales of goods & services	**108**	173
	172	213
Services		
Entry charges to exhibitions	**227**	192
Royalties received	**325**	426
Rent and service contract licence fees	**477**	428
Fees for services provided	**627**	2,341
Artbank rental revenue	**2,321**	2,279
	3,977	5,666
Total sales of goods and services	**4,149**	5,879
Provision of goods to:		
Related entities	**6**	122
External entities	**166**	91
Total sales of goods	**172**	213
Rendering of services to:		
Related entities	**1,613**	3,523
External entities	**2,364**	2,143
Total rendering of services	**3,977**	5,666
Costs of sales of goods	**32**	25
Note 4C: Interest		
Interest from other sources	**12**	79
Total interest	**12**	79

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2004 $'000	2004 $'000
Note 4D: Net Gain / (Loss) on Sale of Assets		
Buildings:		
Proceeds from disposal of assets	-	-
Net book value of assets disposed	-	62
Net gain / (loss) on disposal of buildings	-	(62)
Infrastructure, plant & equipment:		
Proceeds from disposal of assets	9	43
Net book value of assets disposed	12	18
Net gain / (loss) on disposal of infrastructure, plant & equipment	(3)	25
Heritage and cultural:		
Proceeds from disposal of assets	15	26
Net book value of assets disposed	52	38
Net gain / (loss) on disposal of heritage and cultural	(37)	(12)
Intangibles:		
Proceeds from disposal of assets	-	-
Assets incorrectly capitalised	-	300
Net book value of assets disposed	-	-
Net gain / (loss) on disposal of intangibles	-	(300)
TOTAL proceeds from disposals	24	69
TOTAL value of non-financial assets disposed	(64)	(418)
Net gain / (loss) on disposal of non-financial assets	(40)	(349)
Note 4E: Other Revenue		
Grants received	101	127
Sponsorship and donations received	802	1,205
Cultural Ministers Contributions	1,383	981
Resources received free of charge	334	319
Standing Committee on Recreation and Sport contributions	714	436
Interest from Untimed local call program	-	202
Cultural and Recreational Portal contributions	265	220
Asset Stocktake Additions	175	8
Other revenue	173	212
Total other revenue	3,947	3,710

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 $'000	2004 $'000
Note 5: Operating Expenses		
Note 5A: Employee Expenses		
Wages and salaries	**44,478**	33,714
Superannuation	**8,521**	6,690
Leave and other entitlements	**7,167**	4,980
Performance pay	**923**	533
Separation and redundancies	**255**	544
Other employee expenses	**1,754**	1,457
Total employee benefits expense	63,098	47,918
Workers' compensation premiums	**810**	512
Total employee expenses	63,908	48,430
Note 5B: Supplier Expenses		
Goods from related entities	**53**	319
Goods from external entities	**2,556**	4,151
Services from related entities	**5,494**	9,021
Services from external entities	**23,832**	18,959
Operating lease rentals	**6,889**	5,512
Total supplier expenses	**38,824**	37,962

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2005

	2005 **$'000**	2004 $'000
Note 5C: Grants		
Non-profit institutions	**5,980**	6,678
Related Entities	**2,658**	2,474
State and Territory Governments	**125**	175
Private Sector	**105**	-
Overseas	**50**	-
Total grants	**8,918**	9,327

The nature of the grants are as follows:

	2005	2004
Alternative Dispute Resolution Initiative	**-**	41
Arts Business Development Program	**-**	60
Arts Support Program	**-**	5
Australian Communications Industry	**30**	-
Book Industry Assistance Package	**2,264**	1,953
Commercial Radio Blackspots	**130**	282
Community Broadcasting Foundation [1]	**5,489**	5,345
Computer Crime & Security	**80**	-
Cultural Ministers Council	**244**	-
eBusiness Strategies	**50**	-
Heritage Collections Council	**397**	-
Indigenous Cultural Property	**194**	441
Information Economy Strategies	**40**	-
New Telecommunications Devices	**-**	75
Software Engineering	**-**	1,100
Telecommunications Consumer Representation	**-**	25
Total grants	**8,918**	9,327

[1] The Department has received new funding for Community Broadcasting Foundation Limited (CBF) in the context of 2004-05 Portfolio Additional Estimates, which is being classified as Administered. Existing funding has been classified as Departmental. As a result, the CBF grants expense is reported partly as Departmental and Administered in 2004-05 financial statements. The total grant expense for CBF for 2004-05 is $7,489,000. From 2005-06 all funding for the CBF grant program will be classified as Administered.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period ended 30 June 2005

	2005 **$'000**	2004 $'000
Note 5D: Depreciation and Amortisation		
(i) Depreciation		
Infrastructure, plant and equipment	**1,318**	917
Heritage and cultural assets	**129**	-
Buildings	**788**	437
Total Depreciation	**2,235**	1,354
(ii) Amortisation		
Assets held under Finance lease	**25**	17
Intangibles - computer software	**337**	247
Total Amortisation	**362**	264
Total depreciation and amortisation	**2,597**	1,618

The aggregate amounts of depreciation or amortisation expensed during the reporting period
for each class of depreciable assets are as follows:

Buildings		
Leasehold improvements	**813**	454
Infrastructure, plant and equipment		
Computer equipment	**639**	378
Plant, office equipment, furniture & fittings	**679**	539
Heritage and Cultural Assets		
Heritage and Cultural Assets	**129**	-
Intangibles		
Software	**337**	247
Total depreciation and amortisation	**2,597**	1,618

No depreciation or amortisation was allocated to the carrying amounts of other assets.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 $'000	2004 $'000
Note 5E: Write-Down of Assets		
Financial assets		
Bad and doubtful debts expense	**11**	-
Total write-down of assets	**11**	-
Note 5F: Other Expenses		
Other	**421**	772
Total other expenses	**421**	772
Note 6: Borrowing Costs Expense		
Loan interest	**15**	-
Lease interest	**2**	26
Total borrowing costs expense	**17**	26

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 $'000	2004 $'000
Note 7: Financial Assets		
Note 7A: Cash		
Cash on hand	34	35
Special Accounts	2,023	2,464
Departmental (other than Special Accounts)	7,112	10,313
Total cash	9,169	12,812
All cash is a current asset.		
Note 7B: Receivables		
Goods and services	2,006	1,865
Less: Provision for doubtful debts	(973)	(961)
	1,033	904
Appropriation receivable	50,065	32,138
Loans	-	432
GST receivable from the ATO	779	1,560
Other	180	1,078
Total receivables (net)	52,057	36,112
Receivables is represented by:		
Current	17,802	36,112
Non current	34,255	-
Total receivables (net)	52,057	36,112
Receivables (gross) are aged as follows:		
Current	51,094	35,243
Overdue by:		
less than 30 days	712	639
30 to 60 days	140	154
60 to 90 days	40	36
more than 90 days	1,044	1,001
	1,936	1,830
Total receivables (gross)	53,030	37,073
The provision for doubtful debts is aged as follows:		
Current	-	-
Overdue by:		
less than 30 days	-	-
30 to 60 days	-	-
60 to 90 days	-	-
more than 90 days	(973)	(961)
Total provision for doubtful debts (gross)	(973)	(961)

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 $'000	2004 $'000
Note 7C: Accrued Revenue		
Goods and services	22	41
Total accrued revenue	22	41

All accrued revenue is a current asset.

Note 8: Non-Financial Assets

Note 8A: Buildings

	2005 $'000	2004 $'000
Buildings and leasehold improvements - at fair value	6,765	4,682
Accumulated depreciation	(790)	(4)
	5,975	4,678
Buildings & leasehold improvements -		
under finance lease	25	25
Accumulated amortisation	(25)	-
	-	25
Buildings and leasehold improvements - work in progress	190	81
Total Buildings (non-current)	6,165	4,784

All revaluations are independent and are conducted in accordance with the revaluations policy stated at Note 1.
In 2003-04 the revaluation of land and buildings was conducted by an independent valuer Preston Rowe
Patterson NSW Pty Ltd.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 $'000	2004 $'000
Note 8B: Infrastructure, Plant and Equipment		
Infrastructure, plant and equipment - at fair value	**6,951**	5,026
Accumulated depreciation	**(1,316)**	(11)
	5,635	5,015
Infrastructure, Plant and Equipment - work in progress	**346**	46
Total Infrastructure, Plant and Equipment (non-current)	**5,981**	5,061

All revaluations are independent and are conducted in accordance with the revaluations policy stated at Note 1.
In 2003-04 the revaluation of infrastructure, plant and equipment was conducted by an independent valuer
Preston Rowe Patterson NSW Pty Ltd.

Note 8C: Heritage and Cultural Assets

Heritage and cultural assets - at fair value	**37,371**	35,784
Accumulated depreciation	**(129)**	-
Total Heritage and Cultural Assets (non-current)	**37,242**	35,784

All revaluations are independent and are conducted in accordance with the revaluations policy stated at Note 1.
In 2003-04 the revaluation of heritage and cultural assets was conducted by the following independent valuers:
Deutscher-Menzies Pty Ltd and Caruana Fine Art Pty Ltd.

Note 8D: Intangibles

Computer software - at cost	**2,654**	2,214
Accumulated amortisation	**(1,912)**	(1,575)
	742	639
Computer Software internally developed - work in progress	**-**	419
Total Intangibles (non-current)	**742**	1,058

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 8E: Analysis of Property, Plant, Equipment and Intangibles

Table A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

Item	Buildings & Leasehold Improvements $'000	Infrastructure, Plant & Equipment $'000	Heritage and Cultural Assets $'000	Computer Software $'000	TOTAL $'000
As at 1 July 2004					
Gross book value	4,788	5,072	35,784	2,633	48,277
Accumulated depreciation / amortisation	(4)	(11)	-	(1,575)	(1,590)
Opening net book value	4,784	5,061	35,784	1,058	46,687
Additions:					
by purchase	2,274	2,170	1,639	21	6,104
by finance lease	-	-	-	-	-
from acquisitions of entities or operations (including restructuring)	-	-	-	-	-
Net Revaluation increment / (decrement)	-	-	-	-	-
Reclassifications	(80)	80	-	-	-
Depreciation / amortisation expense	(813)	(1,318)	(129)	(337)	(2,597)
Recoverable amount write-downs	-	-	-	-	-
Other Movements	-	-	-	-	-
Disposals:					
from disposal of entities or operations (including restructuring)	-	-	-	-	-
other disposals	-	(12)	(52)	-	(64)
As at 30 June 2005					
Gross book value	6,980	7,297	37,371	2,654	54,302
Accumulated depreciation/amortisation	(815)	(1,316)	(129)	(1,912)	(4,172)
Closing net book value	**6,165**	**5,981**	**37,242**	**742**	**50,130**

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Table B: Assets at Valuation

Item	Buildings & Leasehold Improvements $'000	Total Infrastructure, Plant & Equipment $'000	Heritage and Cultural Assets $'000	Computer Software $'000	TOTAL $'000
As at 30 June 2005					
Gross value	4,600	5,081	36,367	-	46,048
Accumulated depreciation/amortisation	(638)	(1,156)	(127)	-	(1,921)
Net book value	**3,962**	**3,925**	**36,240**	**-**	**44,127**
As at 30 June 2004					
Gross value	4,707	5,026	35,784	-	45,517
Accumulated depreciation/amortisation	(4)	(11)	-	-	(15)
Net book value	4,703	5,015	35,784	-	45,502

Table C: Assets Held under Finance Lease

Item	Buildings & Leasehold Improvements	Total Infrastructure, Plant & Equipment	Heritage and Cultural Assets	Computer Software	TOTAL
As at 30 June 2005					
Gross value	25	-	-	-	25
Accumulated depreciation/amortisation	(25)	-	-	-	(25)
Net book value	**-**	**-**	**-**	**-**	**-**
As at 30 June 2004					
Gross value	25	-	-	-	25
Accumulated depreciation/amortisation	-	-	-	-	-
Net book value	25	-	-	-	25

Table D: Assets under Construction

Item	Buildings & Leasehold Improvements	Total Infrastructure, Plant & Equipment	Heritage and Cultural Assets	Computer Software	TOTAL
Gross value as at 30 June 2005	190	346	-	-	535
Gross value as at 30 June 2004	81	46	-	419	546

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 $'000	2004 $'000
Note 8F: Inventories		
Finished goods (cost)	**78**	108
Total inventories held for sale	**78**	108

All departmental inventories are current assets.

Note 8G: Other Non-Financial Assets		
Prepayments	**1,919**	4,537
Total other non-financial assets	**1,919**	4,537

All other non-financial assets are current assets.

Note 9: Interest Bearing Liabilities

<u>Leases</u>

Finance lease commitments		
Payable:		
within one year	**-**	30
in one to five years	**-**	-
in more than five years	**-**	-
Minimum lease payments	**-**	30
Deduct: future finance charges	**-**	(2)
Net lease liability	**-**	28
Lease liability is represented by:		
Current	**-**	28
Non-current	**-**	-
Net lease liability	**-**	28

The finance lease in relation to leasehold improvements expired on 30th June 2005.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 $'000	2004 $'000
Note 10: Provisions		
Note 10A: Employee Provisions		
Salaries, wages and superannuation	**378**	43
Leave	**17,962**	14,783
Aggregate employee benefit liability and related on-costs	**18,340**	14,826
Employee provisions are represented by:		
Current	**5,429**	6,500
Non-Current	**12,911**	8,326
Note 10B: Other Provisions		
Provision for makegood on leased property	**1,039**	-
Total other provisions	**1,039**	-

All other provisions are non-current liabilities.

Note 11: Payables

Note 11A: Supplier Payables

	2005 $'000	2004 $'000
Trade creditors	**3,072**	689
Other creditors	**284**	252
Accrued Expenses	**2,518**	3,732
Total supplier payables	**5,874**	4,673

All supplier payables are current liabilities.

Note 11B: Unearned Income

	2005 $'000	2004 $'000
Unearned income	**2,209**	1,915
Total unearned income	**2,209**	1,915

All unearned income is a current liability.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 $'000	2004 $'000
Note 11C: Lease Incentive		
Lease Incentive	349	246
Total lease incentive	349	246
Lease incentive is represented by:		
Current	69	72
Non-current	280	174
Note 11D: Other Payables		
GST Payable to the ATO	-	52
Other	846	323
Total other payables	846	375

All other payables are current liabilities.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 12: Equity

Note 12A: Analysis of Equity

Item	Accumulated results		Asset revaluation reserve		Contributed equity / capital		Total Equity	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Opening balance as at 1 July 2004	48,328	179,704	16,750	82,549	13,156	57,067	78,234	319,320
Net surplus / deficit	7,552	31,774	-	-	-	-	7,552	31,774
Net revaluation increment / (decrement)	-	-	-	4,894	-	-	-	4,894
Changes in accounting policies	-	(2)	-	-	-	-	-	(2)
Transactions with owners:								
Distributions to owner:								
Returns on Capital								
Dividends	-	-	-	-	-	-	-	-
Returns of Capital								
Restructuring	-	(163,148)	-	(70,693)	(1,079)	(44,501)	(1,079)	(278,342)
Other	-	-	282	-	(282)	-	-	-
Contributions by owners:								
Appropriations (equity injections)	-	-	-	-	11	590	11	590
Restructuring	-	-	-	-	-	-	-	-
Transfers to / (from) / between reserves	-	-	-	-	-	-	-	-
Closing balance as at 30 June 2005	55,880	48,328	17,032	16,750	11,806	13,156	84,718	78,234

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 12B: Restructuring

Following the Government's decision to abolish the Aboriginal and Torres Strait Islander Commission (ATSIC) and the Aboriginal and Torres Strait Islander Service (ATSIS), the Department assumed responsibility for Indigenous functions relating to Arts, Culture and Language, Sport and Recreation and Broadcasting on 1 July 2004.

The Department relinquished its responsibility for the Crown Copyright function from 1 March 2005. The function was transferred to the Attorney-General's Department.

(In 2004: The Department relinquished its responsibility for National Science and Technology Centre and ScreenSound Australia on 1 July 2003. National Science and Technology Centre transferred to the Department of Education, Science and Training and Screensound Australia transferred to the Australian Film Commission. The Department assumed responsibility for Office for the Information Economy functions on 8 April 2004 from the former National Office for the Information Economy.)

In respect of functions assumed, the net book value of departmental assets and liabilities transferred to the Department of Communications, Information Technology and the Arts for no consideration and recognised at the date of transfer were:

	2005 $'000	2004 $'000
Total assets recognised	279	2,764
Total liabilities recognised	(1,411)	(1,926)
Net assets assumed	(1,132)	838

In respect of functions relinquished, the following assets and liabilities were transferred by the Department of Communications, Information Technology and the Arts:

Attorney-General's Department

	2005	2004
Total assets relinquished	(40)	-
Total liabilities relinquished	93	-
Net assets relinquished	53	-

National Office for the Information Economy

Total assets relinquished	-	(155)
Total liabilities relinquished	-	-
Net assets relinquished	-	(155)

Australian Film Commission

Total assets relinquished	-	(243,944)
Total liabilities relinquished	-	3,779
Net assets relinquished	-	(240,165)

Department of Education, Science and Training

Total assets relinquished	-	(41,674)
Total liabilities relinquished	-	2,814
Net assets relinquished	-	(38,860)

Net Contribution by Government as owner during the year	(1,079)	(278,342)

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Departmental revenues and expenses, for the full year, for the functions assumed by the Department of Communications, Information Technology and the Arts are as follows:

	2005 **$'000**	2004 $'000
Indigenous Arts, Culture and Language, Sport and Recreation and Broadcasting functions		
Revenues		
Recognised by Department of Immigration and Multicultural Affairs	**-**	-
Recognised by Department of Communications, Information Technology and the Arts	**9,536**	-
Total revenues	**9,536**	-
Expenses		
Recognised by Department of Immigration and Multicultural Affairs	**-**	-
Recognised by Department of Communications, Information Technology and the Arts	**8,329**	-
Total expenses	**8,329**	-
Office for the Information Economy functions		
Revenues		
Recognised by Australian Government Information Management Office	**-**	9,527
Recognised by Department of Communications, Information Technology and the Arts	**-**	2,950
Total revenues	**-**	12,477
Expenses		
Recognised by Australian Government Information Management Office	-	8,765
Recognised by Department of Communications, Information Technology and the Arts	-	3,546
Total expenses	-	12,311

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
Note 13: Cash Flow Reconciliation	**$'000**	$'000
Net surplus / (deficit)	**7,552**	31,774
Add:		
Depreciation / amortisation	**2,597**	1,618
Loss / (gain) on disposal of non-current assets	**40**	349
Other non-cash items	**(846)**	(873)
Change in assets and liabilities:		
(Increase) / decrease in receivables	**(1,026)**	4,995
(Increase) / decrease in accrued revenue	**19**	69
(Increase) / decrease in inventories	**40**	42
(Increase) / decrease in other non-financial assets	**2,619**	(512)
Increase / (decrease) in provisions and payables for suppliers	**1,748**	(335)
Increase / (decrease) in provisions and payables for employees	**2,195**	(534)
Increase / (decrease) in other provision and payables	**710**	2,446
Cash transfers to the OPA	**(15,395)**	(11,123)
Net cash from / (used by) operating activities	**253**	27,916

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 **$'000**	2004 $'000
Note 14: Contingent Liabilities and Assets		

Quantifiable Contingencies

There are no quantifiable contingencies as at 30 June 2005.	**-**	1,000

(In 2004: $1,000,000 in respect of make good provision, representing estimates of the
Agency's liabilities if it was to vacate the premises of 38 Sydney Avenue ($750,000) and 28
National Circuit ($250,000), in 2005 $1,024,000 has been recognised as a makegood
provision.)

Unquantifiable Contingencies

In 2005 and 2004 the Department reports an unquantifiable contingent gain in respect of an
amount paid in relation to a contract. The contractor has denied liability and is defending
the claims. It is not practicable to make an estimate of the outcome of this dispute at this
stage.

The Department reports an unquantifiable contingency in respect of legal action brought
against the Commonwealth in relation to an employment related matter. It is not practicable
to make an estimate of the outcome of the action at this stage.

Remote Contingencies

There are no remote contingencies as at 30 June 2005 (In 2004: Nil).

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004

Note 15: Executive Remuneration

The number of executives who received or were due to receive total
remuneration of $100,000 or more:

	2005	2004
$100,001 to $110,000	**2**	1
$110,001 to $120,000	**2**	1
$120,001 to $130,000	**2**	2
$130,001 to $140,000	**-**	4
$140,001 to $150,000	**1**	2
$150,001 to $160,000	**5**	3
$160,001 to $170,000	**2**	5
$170,001 to $180,000	**4**	3
$180,001 to $190,000	**5**	2
$190,001 to $200,000	**4**	2
$200,001 to $210,000	**1**	1
$210,001 to $220,000	**1**	1
$220,001 to $230,000	**2**	-
$230,001 to $240,000	**1**	-
$240,001 to $250,000	**-**	-
$250,001 to $260,000	**1**	1
$260,001 to $270,000	**1**	2
$270,001 to $280,000	**1**	-
$290,001 to $300,000	**1**	-
$410,001 to $420,000	**1**	-
$450,001 to $460,000	**-**	1
	37	31

The aggregate amount of total remuneration of executives shown above:	**$6,949,108**	$ 5,527,304
The aggregate amount of separation and redundancy payments during the year to executives shown above.	**$ —**	$ 196,398

Calculation of Executive Remuneration

In accordance with the Finance Minister's Orders and Australian Accounting Standards, the remuneration figures include
salary, performance pay, motor vehicle lease costs, allowances, fringe benefits tax and redundancy payments. The
remuneration figures also include the following accrued liabilities recorded by the Department during the financial year:
salary, annual leave, long service leave and superannuation.

Included in the executive remuneration figures are officers who have acted in an executive office position during the
financial year, whose aggregate remuneration for the financial year in that position is $100,000 or more.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
Note 16: Remuneration of Auditors	**$**	$

Financial statement audit services are provided free of charge to the department.

The fair value of audit services provided was:

	2005	2004
Department	**330,200**	316,000
Regional Telecommunications Infrastructure Account	**3,500**	3,500
	333,700	319,500

In addition to the amounts disclosed above, there is an amount of auditor remuneration totalling $16,300 relating to the 2005-06 financial statements audit, arising from work done on the opening balance sheet to be prepared under Australian Equivalents to International Financial Reporting Standards.

Note 17: Average Staffing Levels

	2005	2004
The average staffing level for the department during the year was:	**718**	575

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 18: Financial Instruments

Note 18A: Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate Maturing in:								Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
				1 year or less		1 to 2 years		2 to 5 years		> 5 years							
		2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 %	2004 %
Financial Assets																	
Cash	7A	-	-	-	-	-	-	-	-	-	-	9,169	12,812	9,169	12,812	n/a	n/a
Receivables – goods and services (gross)	7B	-	-	-	-	-	-	-	-	-	-	2,006	1,865	2,006	1,865	n/a	n/a
Receivables – from DoFA	7B	-	-	-	-	-	-	-	-	-	-	50,065	32,138	50,065	32,138	n/a	n/a
Receivables – other	7B	-	-	-	-	-	-	-	-	-	-	959	3,070	959	3,070	n/a	n/a
Accrued revenue	7C	-	-	-	-	-	-	-	-	-	-	22	41	22	41	n/a	n/a
Total		-	-	-	-	-	-	-	-	-	-	62,221	49,926	62,221	49,926		
Total Assets														113,375	100,297		
Financial Liabilities																	
Finance lease liability	9	-	-	-	28	-	-	-	-	-	-	-	-	-	28	11.7%	11.7%
Payables – goods and services	11A	-	-	-	-	-	-	-	-	-	-	5,874	4,673	5,874	4,673	n/a	n/a
Payables – other	11C&11D	-	-	-	-	-	-	-	-	-	-	1,195	621	1,195	621	n/a	n/a
Total		-	-	-	28	-	-	-	-	-	-	7,069	5,294	7,069	5,322		
Total Liabilities														28,657	22,063		
Unrecognised Liabilities																	
Makegood on lease fitout	14	-	-	-	-	-	-	-	-	-	-	-	1,000	-	1,000	n/a	n/a

Unearned revenue has been removed from financial liabilities in the comparative year figures to be consistent with current year presentation.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 18: Financial Instruments

Note 18B: Net Fair Values of Agency Financial Assets and Liabilities

	Note	**2005** Total Carrying Amount $'000	**2005** Aggregate Net Fair Value $'000	2004 Total Carrying Amount $'000	2004 Aggregate Net Fair Value $'000
Departmental Financial Assets					
Cash	7A	**9,169**	**9,169**	12,812	12,812
Receivables - goods and services (net)	7B	**1,033**	**1,033**	904	904
Receivables - DoFA	7B	**50,065**	**50,065**	32,138	32,138
Receivables - other	7B	**959**	**959**	3,070	3,070
Accrued revenue	7C	**22**	**22**	41	41
Total Financial Assets		**61,248**	**61,248**	48,965	48,965
Financial Liabilities (Recognised)					
Finance lease liability	9	**-**	**-**	28	28
Payables - goods and services	11A	**5,874**	**5,874**	4,673	4,673
Payables - other	11C&11D	**1,195**	**1,195**	621	621
Total Financial Liabilities (Recognised)		**7,069**	**7,069**	5,322	5,322
Financial Liabilities (Unrecognised)					
Makegood on lease fitout	14	**-**	**-**	1,000	1,000
Total Financial Liabilities (Unrecognised)		**-**	**-**	1,000	1,000

Financial Assets
The net fair values of cash and non-interest-bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities
The net fair values for trade creditors approximate their carrying amounts.

Unearned revenue has been removed from financial liabilities in the comparative year figures to be consistent with current year presentation.

Note 18C: Credit Risk Exposures

The Department's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position.

The Department has no significant exposures to any concentrations of credit risk.

All figures for credit risk referred to do not take into account the value of any collateral or other security.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the period 30 June 2005

Note 18: Financial Instruments

Note 18D: Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of Underlying Instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Financial Assets			
Cash	7A	Cash is recognised at its nominal amount.	Monies in the Departmental bank account are swept into the Official Public Account (OPA) nightly and returned the following morning. No interest is earned on the daily balance.
Receivables - Goods and Services	7B	Receivables for goods and services are recognised at nominal amounts due less any provision for bad and doubtful debts. A provision for doubtful debts is recognised when collection of the debt is judged to be unlikely.	Credit terms are net 30 days (2003-04: 30 days).
Receivables - Appropriations	7B	Appropriation receivables are recognised at nominal amount.	Appropriation receivable relates to Departmental appropriations in the current or previous years which have not yet been drawn down from the OPA, or which have been drawdown and subsequently returned to the OPA. Monies can be drawn down as required by the Department.
Receivables - Other	7B	Other receivables are recognised at nominal amounts.	Mainly relates to GST receivables for outstanding input tax credits paid and receivables from other agencies for transfers of accrued employee liabilities to the Department.
Accrued revenue	7C	Accrued revenue is recognised at nominal amounts.	Accrued revenue relates to services rendered but not yet billed at balance date.
Financial Liabilities			
Payables - Goods and Services and Other	11A, 11C & 11 D	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods and services have been received and (irrespective of having been invoiced).	Settlement is usually made net 30 days.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 $'000	2004 $'000
Note 19: Revenues Administered on Behalf of Government		
Interest		
Deposits	493	745
Total interest	493	745
Dividends		
Telstra dividend	2,127,248	1,611,552
Australia Post dividend	241,700	218,500
Total dividends	2,368,948	1,830,052
Industry levies		
Universal Service Obligation (USO) levy	72,206	75,260
USO service provider component	159,622	165,948
National Relay Service (NRS) levy	15,285	14,528
Total industry levies	247,113	255,736
Other revenue		
Increase of investment in Portfolio Agencies	26,281	252,755
Other	2,271	201
Total other revenue	28,552	252,956
Total Revenues Administered on Behalf of Government	2,645,106	2,339,489

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	$'000	$'000
Note 20: Expenses Administered on Behalf of Government		
Grants		
State and Territory Governments	**27,888**	66,846
Local Governments	**14,891**	36,131
Private sector	**27,804**	60,993
Overseas	**486**	1,290
Non-profit institutions	**75,943**	32,780
Related entities	**118,031**	106,650
Total grants	**265,043**	304,690
The nature of grants are as follows:		
Cultural Development Program	**50,731**	48,371
Film Finance Corporation Australia	**65,500**	60,500
Hall of Fame	**-**	1,000
Federation Fund	**741**	4,991
Sports and Recreation - Anti Doping	**943**	1,185
Sport and Recreational Facilities	**4,721**	-
Water and Alpine Safety	**5,490**	2,504
Athens 2004 Paralympic Games	**-**	600
Melbourne 2006 Commonwealth Games	**-**	40,000
Mt Panorama Motor Racing Circuit	**-**	10,000
Olympic and Paralympic Welcome Home Parades	**261**	-
2005 Deaflympics	**4,400**	-
Telstra Social Bonus:		-
Building Additional Rural Networks	**4,350**	3,488
Local Government Fund	**4,023**	9,163
Expanded Mobile Phone Coverage	**-**	408
Launceston Broadband Project	**1,907**	216
Building IT Strengths	**-**	18,162
Telecommunications Service Inquiry Implementation:		-
Regional Mobile Phone Program	**3,724**	16,657
Mobile Phones for Communities greater than 500	**2,514**	6,231
Consumer Representation and Research	**801**	860
National Communication Fund	**14,370**	18,500
Australia Post - Foot and Mouth Prevention & other quarantine risks	**13,553**	8,743
Regional Telecommunications Infrastructure Account:		-
Networking the Nation General Fund	**-**	17,947
Telecommunication Needs of Remote Island Communities	**-**	6,401
Major ICT - Centre of Excellence	**17,200**	11,300
Regional Telecommunications Inquiry Response:		-
IT Traning	**1,630**	-
Co-ordinated Communications Infrastructure Fund	**4,992**	875
Broadband Demand Aggregation Brokers	**2,509**	-
Building IT Strengths (BITS):		-
BITS - Incubators	**12,567**	-
BITS - Advanced Networks Program	**8,000**	-
Television Fund	**11,914**	10,558
National Transmission Network	**671**	642
eBusiness - Information Technologies On-Line	**1,871**	1,055
Contributions to International Organisations (ITU/APT)	**170**	1,009
Digital Interference Scheme	**51**	92
Telecommunications Action Plan for Remote Indigenous Communities	**626**	163
TV Black Spots - Alternative Technical Solutions	**1,836**	89
Commercial Radio Black Spots	**705**	1,827
Community Broadcasting Foundation [1]	**2,000**	-
Regional Equalisation Plan	**660**	300

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	$'000	$'000

Note 20: Expenses Administered on Behalf of Government (continued)

The nature of grants are as follows (continued):

	2005 $'000	2004 $'000
NetAlert Limited	**1,216**	572
Compensation to Societe Internationale de Telecommunications Aeronatiques	**-**	281
Indigenous Programs:		
Arts, Culture & Languages	**9,095**	-
Sport & Recreation	**4,428**	-
Broadcasting	**4,873**	-
Total grants	**265,043**	304,690

[1] The Department has received new funding for Community Broadcasting Foundation Limited (CBF) in the context of 2004-05 Portfolio Additional Estimates, which is being classified as Administered. Existing funding has been classified as Departmental. As a result, the CBF grants expense is reported partly as Departmental and Administered in 2004-05 financial statements. The total grant expense for CBF for 2004-05 is $7,489,000. From 2005-06 all funding for the CBF program will be classified as Administered.

Subsidies

	2005 $'000	2004 $'000
Related entities:		
National Transmission Network	**-**	40
Telecommunications Service Inquiry Response		
Regional Mobile Phone Program	**129**	326
Regional Telecommunications Inquiry		
Higher Bandwidth Incentive Scheme	**31,403**	-
Expansion of Satellite Phone Subsidy	**25**	-
USO	**71,916**	68,124
USO service provider component	**159,622**	165,948
Other than to related entities:		
Telecommunications Service Inquiry Response		
Regional Mobile Phone Program	**1,780**	942
Regional Telecommunications Inquiry		
Higher Bandwidth Incentive Scheme	**20,907**	-
Expansion of Satellite Phone Subsidy	**974**	-
USO	**4**	-
Total subsidies	**286,760**	235,380

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005	2004
	$'000	$'000
Note 20: Expenses Administered on Behalf of Government (continued)		
Suppliers		
Rendering of services - Related entities	**1,706**	-
Rendering of services - External entities	**1,033**	1,092
Total suppliers	**2,739**	1,092
Depreciation		
Heritage and cultural assets	**6,472**	5,210
Land and buildings	**1,607**	1,604
Total depreciation	**8,079**	6,814
Write down and impairment of assets		
Financial assets - receivables	**789**	7,046
Total write down and impairment of assets	**789**	7,046
Value of asset sold		
Heritage and cultural assets	**1,118**	-
Total value of assets sold	**1,118**	-
Other expenses		
International membership fees	**4,626**	5,239
NRS	**15,288**	14,389
Public Lending Rights / Education Lending Rights Schemes	**17,195**	16,734
Untimed Local Call Access	**-**	30,202
Telecommunication Service Inquiry - Internet Assistance Program	**(2,068)**	2,350
Other goods and services	**603**	251
Total other expenses	**35,644**	69,165
Total Expenses Administered on Behalf of Government	**600,172**	624,187
Note 20A: Net gains and losses from disposal of assets		
Net gains and losses from disposal of assets		
Proceeds from sale	**-**	-
Less written down value of assets sold, excluding capitalised selling costs	**(1,118)**	-
Less capitalised selling costs	**-**	
Net gain / (loss) on sale	**(1,118)**	-

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 $'000	2004 $'000
Note 21: Assets Administered on Behalf of Government		
Financial Assets		
Cash		
Administered payments bank account	**65**	910
Total cash	**65**	910
Receivables		
GST receivable from the ATO	**5,448**	7,349
USO and NRS receivables	**7,689**	7,409
Other receivables	**1,054**	315
Less: Provision for doubtful debts	**(7,961)**	(7,158)
Total receivables (net)	**6,230**	7,915
Receivables (gross) are aged as follows:		
Current	**5,448**	7,491
Overdue by:		
Less than 30 days	**374**	-
30 to 60 days	**102**	29
60 to 90 days	**31**	19
More than 90 days	**8,236**	7,534
Total receivables (gross)	**14,191**	15,073
The provision for doubtful debts is aged as follows:		
Current	**-**	-
Overdue by:		
Less than 30 days	**-**	-
30 to 60 days	**-**	(26)
60 to 90 days	**-**	-
More than 90 days	**(7,961)**	(7,132)
Total provision for doubtful debts	**(7,961)**	(7,158)
Accrued revenue		
Interest	**-**	114
Total accrued revenue	**-**	114

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

		2005 $'000	2004 $'000
Note 21: Assets Administered on Behalf of Government (continued)			
Financial Assets (continued)	**Notes**		
Investments	25		
Investments of Special Accounts:			
Bank accepted commercial bills		**-**	9,865
On call account		**-**	2,162
		-	12,027
Investments in Portfolio Agencies:			
Commonwealth authorities			
- Australia Council	A	**7,701**	7,701
- Australian Broadcasting Authority	B	**286**	277
- Australian Broadcasting Corporation and controlled entities	C	**421,232**	421,232
- Australian Communications Authority	D	**11,627**	11,627
- Australian Film Commission	E	**246,160**	246,070
- Australian Film, Television and Radio School	F	**24,226**	24,224
- Australian National Maritime Museum	G	**16,375**	16,375
- National Gallery of Australia and controlled entity	H	**258,970**	254,970
- National Library of Australia	I	**156,669**	152,741
- National Museum of Australia	J	**3,027**	2,027
- Special Broadcasting Service Corporation and controlled entity	K	**75,825**	70,205
- Australian Sports Commission	L	**118,724**	107,092
- Australian Sports Drug Agency	M	**201**	201
		1,341,023	1,314,742
Commonwealth companies			
- Film Finance Corporation Australia Ltd	N	**66,530**	66,530
- Australia Business Arts Foundation Ltd	O	**1,166**	1,166
- Australian Postal Corporation	P	**855,500**	855,500
- Bundanon Trust	Q	**18,772**	18,772
- Film Australia Ltd	R	**13,921**	13,921
- Telstra Corporation Ltd [a]	S	**4,952,886**	4,952,886
		5,908,775	5,908,775
Total investments		**7,249,798**	7,235,544

[a] The market value of the share holding is estimated to be $32.62 billion as at the 30th June 2005 ($32.42 billion as at 30th June 2004).

Total Financial Assets		**7,256,093**	7,244,483

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 **$'000**	2004 $'000
Note 21: Assets Administered on Behalf of Government (continued)		
Non-Financial Assets		
Land and buildings		
Building - National Institute of Dramatic Art (NIDA) - at fair value	**38,373**	36,670
Accumulated depreciation	**(1,610)**	(4)
	36,763	36,666
Assets under construction - NIDA Building - at cost	**5**	93
Total land and buildings	**36,768**	36,759
Heritage and cultural assets		
Building - Old Parliament House (OPH) - at fair value	**47,819**	45,500
Accumulated depreciation	**(6,381)**	(2)
	41,438	45,498
OPH Heritage Collections - at fair value	**2,845**	2,682
Accumulated depreciation	**(94)**	(1)
	2,751	2,681
Assets under construction - OPH Building - at cost	**1,506**	197
Assets under construction - OPH Heritage Collections - at cost	**10**	32
Total heritage and cultural assets	**45,705**	48,408

All revaluations are independent and are conducted in accordance with the revaluation policy stated at Note 1. In 2003-04, the revaluation of the NIDA and OPH buildings was conducted by the Rushton Group. The revaluation of the OPH Heritage Collections was conducted by the Australian Valuation Office.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 21A: Analysis of Property, Plant, Equipment and Intangibles

Table A: Reconciliation of the Opening and Closing Balances of Property, Plant and Equipment and Intangibles

Item	Buildings	Heritage and Cultural Assets	TOTAL
	($'000)	($'000)	($'000)
As at 1 July 2004			
Gross book value	36,763	48,411	85,174
Accumulated depreciation	(4)	(3)	(7)
Opening Net Book Value	36,759	48,408	85,167
Additions:			
by purchase	1,615	4,887	6,502
from acquisitions of entities or operations (including restructuring)	-	-	-
Net revaluation increment / (decrement)	-	-	-
Depreciation / amortisation expense	(1,606)	(6,472)	(8,078)
Recoverable amount write-downs	-	-	-
Disposals:			
from disposal of entities or operations (including restructuring)	-	-	-
other disposals	-	(1,118)	(1,118)
write-offs	-	-	-
As at 30 June 2005			
Gross book value	38,378	52,180	90,558
Accumulated depreciation	(1,610)	(6,475)	(8,085)
Closing Net Book Value	**36,768**	**45,705**	**82,473**

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Table B: Property, Plant and Equipment and Intangibles at Valuation

Item	Buildings ($'000)	Heritage and Cultural Assets ($'000)	TOTAL ($'000)
As at 30 June 2005			
Gross value	36,670	48,182	84,852
Accumulated depreciation / amortisation	(1,610)	(6,463)	(8,073)
Net book value	35,060	41,719	76,779
As at 30 June 2004			
Gross value	36,670	48,182	84,852
Accumulated depreciation / amortisation	(4)	(3)	(7)
Net book value	36,666	48,179	84,845

Table C: Property, Plant and Equipment and Intangibles held under Finance Lease

Item	Buildings ($'000)	Heritage and Cultural Assets ($'000)	TOTAL ($'000)
As at 30 June 2005			
Gross value	-	-	-
Accumulated depreciation / amortisation	-	-	-
Net book value	-	-	-
As at 30 June 2004			
Gross value	-	-	-
Accumulated depreciation / amortisation	-	-	-
Net book value	-	-	-

Table D: Property, Plant and Equipment and Intangibles under Construction.

Item	Buildings ($'000)	Heritage and Cultural Assets ($'000)	TOTAL ($'000)
Gross value at 30 June 2005	5	1,516	1,521
Gross value at 30 June 2004	93	229	322

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 $'000	2004 $'000
Note 21: Assets Administered on Behalf of Government (continued)		
Other non-financial assets		
Prepayments	**3,977**	2,567
Total other non-financial assets	**3,977**	2,567
Total Non-Financial Assets	**86,450**	87,734
Total Assets Administered on Behalf of Government	**7,342,543**	7,332,217
Note 22: Liabilities Administered on Behalf of Government		
Payables		
Suppliers		
Trade creditors	**366**	295
Accrued expenses	**7,095**	2,885
Total suppliers	**7,461**	3,180
Grants and subsidies		
Public sector -		
State and Territory Governments	**822**	910
Local Governments	**205**	3
Private sector -		
Non-profit institutions	**75**	6
Commercial entities	**2,267**	1,484
Total grants and subsidies	**3,369**	2,403
GST payable		
GST payable to OPA	**4,642**	7,031
Total GST payable	**4,642**	7,031
Other payables		
Public Lending Rights / Education Lending Rights Schemes	**2**	2
Total other payables	**2**	2
Total Payables	**15,474**	12,616
Total Liabilities Administered on Behalf of Government	**15,474**	12,616

All liabilities are expected to be settled within 12 months of the balance date.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 $'000	2004 $'000
Note 23: Administered Reconciliation Table		
Opening administered assets less administered liabilities as at 1 July	**7,319,601**	7,083,687
Plus Administered revenues	**2,645,106**	2,339,489
Less Administered expenses	**(600,172)**	(624,187)
Administered transfers to / (from) Australian Government:		
Appropriation transfers from OPA	**433,018**	437,596
Transfers to OPA	**(2,470,951)**	(1,922,239)
Restructuring	**467**	-
Administered revaluations taken to / (from) reserves	**-**	5,255
Closing administered assets less administered liabilities as at 30 June	**7,327,069**	7,319,601

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 $'000	2004 $'000

Note 24: Administered Contingent Liabilities

Quantifiable Administered Contingencies

Quantifiable Administered Contingencies that are not remote are disclosed in the Schedule of Administered Items as Quantifiable Administered Contingencies.

Unquantifiable Administered Contingencies

There were no unquantifiable Administered Contingencies at 30 June 2005.

Remote Administered Contingencies

The Department reports remote contingent liability in respect of a request to rectify a contract to make an additional $2.5m (2004: $2.5m) payable. The Department denies that there are any legal grounds which require the contract to be rectified.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 25: Administered Investments

Ownership %		Principal Activity
100.0	A	**Australia Council** - Provides advice and support for artistic practice of individuals and companies. Encourages all Australian people, communities, institutions in cultural activities. A body corporate established under the Australia Council Act 1975.
100.0	B	**Australian Broadcasting Authority** - Facilitates an accessible, diverse and responsible broadcasting industry. A body corporate established under the Broadcasting Services Act 1992.
100.0	C	**Australian Broadcasting Corporation and controlled entities** - National broadcaster, contributing to and reflecting Australia's culture. A body corporate established under the Australian Broadcasting Corporation Act 1983.
100.0	D	**Australian Communications Authority** - Contributes to an efficient, competitive and self regulated communications sector. A body corporate established under the Australian Communications Authority Act 1997.
100.0	E	**Australian Film Commission** - Development of an internationally competitive Australian screen industry. A body corporate established under the Australian Film Commission Act 1975.
100.0	F	**Australian Film, Television and Radio School** - Provides advanced education and training programs for Australian media industry. A body corporate established under the Australian Film, Television and Radio School Act 1973.
100.0	G	**Australian National Maritime Museum** - Acquires, researches, conserves and presents relevant material to Australia's maritime heritage. A body corporate established under the Australian National Maritime Museum Act 1990.
100.0	H	**National Gallery of Australia and controlled entity** - Provides access to works of art and information about them locally, nationally and internationally. A body corporate established under the National Gallery Act 1975.
100.0	I	**National Library of Australia** - Provides a comprehensive collection of Australian library material and international documentary resources. A body corporate established under the National Library Act 1960.
100.0	J	**National Museum of Australia** - Provides Australians accessibility to Australian historical collections and public programs to develop Australia's history and culture. A body corporate established under the National Museum of Australia Act 1980.
100.0	K	**Special Broadcasting Service Corporation and controlled entity** - Provides multilingual and multicultural services that inform, educate and entertain. Promotes Australia's multicultural society. A body corporate established under the Special Broadcasting Services Act 1991
100.0	L	**Australian Sports Commission** - Provides national leadership in all facets of sport development, through national sporting organisations, government, the private sector, schools and the wider community.
100.0	M	**Australian Sports Drug Agency** - Provides an independent, high quality and accessible anti-doping program to enable Australian sport to deter athletes from banned doping practices. A body corporate established under the Australian Sports Drug Agency Act 1990.
100.0	N	**Film Finance Corporation Australia Ltd** - Provides financial support to the Australian film and television production industry. Incorporated in Australia.
100.0	O	**Australia Business Arts Foundation Ltd (formerly Australian Foundation for Culture & Humanities Ltd)** - Established to encourage private sector cultural sponsorship and philanthropy. Incorporated in Australia.
100.0	P	**Australian Postal Corporation** - Provides a national and international postal and parcel service. A body corporate established under the Australian Postal Corporation Act 1989.
100.0	Q	**Bundanon Trust** - A trust established to manage and develop properties at Bundanon NSW as a living art centre. Incorporated in Australia.
100.0	R	**Film Australia Ltd** - Distributes and markets films and, in particular, produces programs of national interest. Incorporated in Australia.
51.8	S	**Telstra Corporation Ltd** - Provides a national and international telecommunication service. Incorporated in Australia.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 26: Administered Restructuring

As a result of the abolition of the Aboriginal and Torres Strait Islander Commission (ATSIC) and the Aboriginal and Torres Strait Islander Service (ATSIS), the Department assumed responsibility for Indigenous programs relating to Arts, Culture and Language, Sport and Recreation and Broadcasting on 6 January 2005.

In the previous financial year the Department assumed responsibility for the Office for the Information Economy functions on 8 April 2004 (no assets and liabilities were assumed).

In respect of programs assumed, the net book value of administered asssets and liabilities transferred to the Department of Communications, Information Technology and the Arts for no consideration and recognised at the date of transfer were:

	2005 $000	2004 $'000
Total assets recognised	467	-
Total liabilities recognised	-	-
Net assets assumed	467	-

Administered revenues and expenses, for the full year, for the programs assumed by the Department of Communications, Information Technology and the Arts are as follows:

Department of Immigration and Multicultural and Indigenous Affairs

Revenues

Recognised by the Department of Immigration and Multicultural and Indigenous Affairs	109	-
Recognised by Department of Communications, Information Technology and the Arts	563	-
Total revenues	672	-

Expenses

Recognised by the Department of Immigration and Multicultural and Indigenous Affairs	23,298	-
Recognised by Department of Communications, Information Technology and the Arts	19,669	-
Total expenses	42,967	-

Office for the Information Economy

Revenues

Recognised by the Australian Government Information Management Office	-	-
Recognised by Department of Communications, Information Technology and the Arts	-	-
Total revenues	-	-

Expenses

Recognised by the Australian Government Information Management Office	-	1,153
Recognised by Department of Communications, Information Technology and the Arts	-	1,931
Total expenses	-	3,084

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 27 (A): Administered Financial Instruments

Administered Interest Rate Risk

Financial Instrument	Notes	Floating Interest Rate		Fixed Interest Rate						Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
				1 Year or Less		1 to 5 years		> 5 years							
		2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 %	2004 %
Financial Assets															
Cash	21	-	-	-	-	-	-	-	-	65	910	65	910	n/a	n/a
Receivables - GST	21	-	-	-	-	-	-	-	-	5,448	7,349	5,448	7,349	n/a	n/a
Receivables - USO and NRS (gross)	21	-	-	-	-	-	-	-	-	7,689	7,409	7,689	7,409	n/a	n/a
Receivables - other (gross)	21	-	-	-	-	-	-	-	-	1,054	315	1,054	315	n/a	n/a
Investments	21	-	2,162	-	9,865	-	-	-	-	-	-	-	12,027	n/a	5.0%
Accrued revenue	21	-	-	-	-	-	-	-	-	-	114	-	114	n/a	n/a
Total		-	2,162	-	9,865	-	-	-	-	14,256	16,097	14,256	28,124		
Total Assets												7,342,543	7,332,217		
Financial Liabilities															
Payables - suppliers	22	-	-	-	-	-	-	-	-	7,461	3,180	7,461	3,180	n/a	n/a
Payables - grants and subsidies	22	-	-	-	-	-	-	-	-	3,369	2,403	3,369	2,403	n/a	n/a
Payables - GST	22	-	-	-	-	-	-	-	-	4,642	7,031	4,642	7,031	n/a	n/a
Payables - other	22	-	-	-	-	-	-	-	-	2	2	2	2	n/a	n/a
Total		-	-	-	-	-	-	-	-	15,474	12,616	15,474	12,616		
Total Liabilities										15,474	12,616	15,474	12,616		
Liabilities Not Recognised															
Guarantees	24	-	-	-	-	-	-	-	-	150	-	150	-	n/a	n/a
Commonwealth indemnity of art exhibitions	24	-	-	-	-	-	-	-	-	394,490	959,059	394,490	959,059	n/a	n/a
Other liabilities	24	-	-	-	-	-	-	-	-	2,500	2,500	2,500	2,500	n/a	n/a
Total Financial Liabilities (Unrecognised)		-	-	-	-	-	-	-	-	397,140	961,559	397,140	961,559		

Investments in Portfolio authorities and companies have been removed from comparative year figures to be consistent with current year presentation.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 27 (B): Administered Financial Instruments

Net Fair Values of Agency Financial Assets and Liabilities

	Notes	2005 Total carrying amount $'000	2005 Aggregate net fair value $'000	2004 Total carrying amount $'000	2004 Aggregate net fair value $'000
Administered Financial Assets					
Cash	21	65	65	910	910
Receivables - GST	21	5,448	5,448	7,349	7,349
Receivables - USO and NRS (net)	21	40	40	424	423
Receivables - other (net)	21	742	742	142	142
Investments	21	-	-	12,027	12,027
Accrued revenue	21	-	-	114	115
Total Financial Assets		6,295	6,295	20,966	20,966
Financial Liabilities (Recognised)					
Payables - suppliers	22	7,461	7,461	3,180	3,180
Payables - grants and subsidies	22	3,369	3,369	2,403	2,403
Payables - GST	22	4,642	4,642	7,031	7,031
Payables - other	22	2	2	2	2
Total Financial Liabilities (Recognised)		15,474	15,474	12,616	12,616
Financial Liabilities (Unrecognised)					
Guarantees	24	150	-	-	-
Commonwealth indemnity of art exhibitions	24	394,490	-	959,059	959,059
Other liabilities	24	2,500	-	2,500	2,500
Total Financial Liabilities (Unrecognised)		397,140	-	961,559	961,559

Financial Assets
The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities
The net fair value of the guarantees are based on discounted cash flows using current interest rates for liabilities with similar risk profiles. The net fair values of trade creditors approximate their carrying amounts.
The net fair value of indemnities are regarded as the maximum possible loss which the Commonwealth faces while the indemnity remains current.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 27 (C): Administered Financial Instruments

Credit Risk Exposures

The Government's maximum exposures to credit risk at reporting date in relation to each class of recognised administered financial assets is the carrying amount of those assets as indicated in the Schedule of Administered Items.

The Government has no significant exposures to any concentrations of credit risk.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 27 (D): Administered Financial Instruments

Terms, Conditions and Accounting Policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows)
Financial Assets			
		Financial assets are recognised when control over future economic benefits is established and the amount of the benefits can be reliably measured.	
Cash	21	Cash is recognised at its nominal amount.	The balances of the Administered Payments and Receipts Accounts are swept nightly to the Official Public Account (OPA), and the balance of the Administered Payments Account is returned the following morning. Interest is not earned on the account balances.
Receivables	21	Receivables are recognised at the nominal amounts due less provision for doubtful debts. Dividends are recognised as receivable when the dividend is declared and approved.	Receivables include levies due from telecommunication carriers under the Universal Service Obligation and National Relay Service programs, dividends receivable from Telstra and Australia Post and GST input tax credits receivable from the ATO.
Financial Liabilities			
		Financial Liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Payables	22	Suppliers payable and accrued expenses are recognised at nominal amounts, once goods and services have been received. Grant liabilities are recognised once the grantee has met obligations specified in the grant agreement.	Settlement is usually made net 30 days. Grant payments are made in accordance with the grant agreement.
Unrecognised Financial Liability			
Indemnities	24	The maximum amount payable under the indemnities given is disclosed in the Schedule of Contigencies and in Note 24, the Schedule of Remote Contingencies. At the time of completion of the financial statements, there was no reason to believe that the indemnities would be called upon, and recognition as the liability was therefore not required.	The Commonwealth indemnifies owners and promoters of exhibits against cultural objects loaned for display in approved exhibitions.
Guarantees	24	The amounts guaranteed by the Commonwealth have been disclosed in the Schedule of Administered Items and Note 24. At the time of completion of financial statements, there was no reason to believe that the guarantees would be called upon, and recognition of a liability was therefore not required.	The guarantee is to The Australian Ballet for a tour of non-metropolitan areas. It is a guarantee to reimburse realised losses up to a maximum of $150,000.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 28: Appropriations

Table 28A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

Particulars	Administered Expenses			Departmental Outputs	Total
	Outcome 1	Outcome 2	Outcome 3		
	$	$	$	$	$
Year ended 30 June 2005					
Balance carried forward from previous year	22,577,323	73	68,829,516	43,003,169	134,410,081
Reductions of appropriations (prior years) [3]	(6,873,863)	(73)	(62,307,410)	-	(69,181,346)
Adjustments of appropriations on change of entity function (FMAA s32) [1]	-	-	561,577	-	561,577
Add : estimated administered appropriation lapsed 2004-2005 [4]	-	-	-	-	-
Adjusted Balance carried forward from previous period	15,703,460	-	7,083,683	43,003,169	65,790,312
Appropriation Act (No. 1) 2004-2005	134,813,000	7,701,000	168,636,000	104,960,000	416,110,000
Appropriation Act (No. 3) 2004-2005	9,676,000	19,855,000	23,529,000	43,000	53,103,000
Appropriation Act (No. 5) 2004-2005	-	5,055,000	-	-	5,055,000
Advance to the Finance Minister	-	-	-	-	-
Refunds credited (FMAA s30)	-	-	-	-	-
Appropriations to take account of recoverable GST (FMAA s30A)	4,619,047	2,054,636	13,776,483	4,430,457	24,880,623
Annotations to 'net appropriations' (FMAA s31) [5]	-	-	-	5,110,710	5,110,710
Adjustments of appropriations on change of entity function (FMAA s32) [2]	9,227,215	5,553,714	4,991,550	10,142,329	29,914,808
Total appropriations available for payments	174,038,722	40,219,350	218,016,716	167,689,665	599,964,453
Payments made (GST inclusive)	(152,559,818)	(23,100,196)	(176,154,520)	(110,278,804)	(462,093,338)
Appropriations credited to Special Accounts	-	-	-	-	-
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations	21,478,904	17,119,154	41,862,196	57,410,861	137,871,115
Represented by:					
Cash at bank and on hand	11,418	-	49,273	7,133,864	7,194,555
Add: Appropriations not drawn from the OPA	21,467,486	17,119,154	41,812,923	-	80,399,563
Add: Appropriations receivable	-	-	-	49,806,611	49,806,611
Add: Receivables - Goods and Services - GST receivable from customers	-	-	-	168,774	168,774
Add: Receivables - Net GST receivable from the ATO	-	-	-	784,941	784,941
Less: Payable - Suppliers - GST portion	-	-	-	(483,329)	(483,329)
Total	21,478,904	17,119,154	41,862,196	57,410,861	137,871,115

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Table 28A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations*(continued)*

[1] A Section 32 determination was signed on 9 July 2004 transferring $561,577 to DCITA's Act 1 2003-04 Administered Expenses Outcome 3 appropriation from AGIMO's Act 1 2003-04 Administered Expenses Outcome 1 appropriation.

[2] FMAA s32 appropriations relate to the transfer of indigenous functions to DCITA from the Department of Immigration and Multicultural Affairs, and the transfer of AGIMO Information Economy function to DCITA.

[3] Relates to lapsing of 2003-04 appropriations. The Finance Minister may determine amounts of administered appropriations to be lapsed, having regard to expenses incurred.

[4] The Finance Minister's determination is not made until after financial year end and after the financial statements are completed. Hence, any lapsing amount for the 2004-005 administered approporations have not been estimated.

[5] Appropriation Acts nos. 1 and 3 (for the ordinary annual services of government) authorise the supplementation of an agency's annual net appropriation by amounts received in accordance with agreements made under section 31 of the Financial Management and Accountability Act 1997 between the Finance Minister and the responsible Minister or their delegated or authorised officials.

Doubt has arisen as to whether the Department's Section 31 Agreements covering the periods 1 July 1999 to 21 June 2005 were effective because our signatories may not have had an express delegation or authorit for signing the agreements. To put the matter beyond doubt, the Department's current agreement was revised on 30 June 2005 to capture all monies that were subject to prior agreements to the extent they may have been ineffective.

The period and amounts covered by the agreements are set out below:

	1997-98	1998-99	Total pre-accrual budgeting	1999-00	2000-01	2001-02	2002-03	2003-04	Sub-total	2004-05	Total 1 July 1999 to 30 June 2005
Receipts affected	7,411,361	8,889,756	16,301,117	27,117,000	34,941,000	37,120,474	24,963,748	6,317,776	130,459,998	5,110,710	135,570,708
Amount spent, potentially without appropriation	7,411,361	8,889,756	16,301,117	-	51,586,535	22,243,445	33,606,030	-	107,436,010	-	107,436,010
Unspent	-	-	-	27,117,000	(16,645,535)	14,877,029	(8,642,282)	6,317,776	23,023,988	5,110,710	28,134,698

Legal advice indicates that in the circumstances a court is unlikely to conclude that the doubtful agreements are invalid for the purposes of determining whether there has been a breach of section 83 of the Constitution.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Table 28A: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations *continued*

Particulars	Administered Expenses			Departmental Outputs	Total
	Outcome 1	Outcome 2	Outcome 3		
	$	$	$	$	$
Year ended 30 June 2004 (Comparative Period)					
Balance carried forward from previous period	14,106,909	15,296	56,528,226	23,610,212	94,260,643
Appropriation Act (No.1) 2003-004	122,299,000	3,689,000	193,586,000	112,909,000	432,483,000
Appropriation Act (No.3) 2003-004	2,125,000	-	2,949,000	10,261,000	15,335,000
Appropriation Act (No.5) 2003-2004	6,000,000	600,000	-	-	6,600,000
Departmental adjustments by the Finance Minister (Appropriation Acts)	-	-	-	-	-
Advance to the Finance Minister	-	-	-	-	-
Refunds credited (FMAA s30)	-	-	-	-	-
Appropriations to take account of recoverable GST (FMAA s30A)	3,582,327	400,454	9,783,332	4,418,513	18,184,626
Annotations to 'net appropriations' (FMAA s31)	-	-	-	6,317,776	6,317,776
Other cash adjustments	47,449	-	1,897,293	26,758,963	28,703,705
Adjustment of appropriations of change of entity function (FMAA s32)	-	-	4,535,521	(4,360,097)	175,424
Appropriation lapsed	(337,721)	-	(52,946,677)	-	(53,284,398)
Total appropriations available for payments	147,822,964	4,704,750	216,332,695	179,915,367	548,775,776
Payments made during the year (GST inclusive)	(125,245,641)	(4,704,677)	(147,503,179)	(136,912,198)	(414,365,695)
Appropriations credited to Special Accounts	-	-	-	-	-
Balance carried to the next period	22,577,323	73	68,829,516	43,003,169	134,410,081

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Table 28B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for other than Ordinary Annual Services Appropriations

Particulars	Administered					Non-operating			Total
	Outcome 1		Outcome 2						
	SPPs	NAE	SPPs	NAE	Equity	Loans	Previous Years' Outputs	Admin assets and liabilities	
Year ended 30 June 2005	$	$	$	$	$	$	$	$	$
Balance carried forward from previous year	-	-	-	-	250,000	-	-	-	250,000
Appropriation Act (No. 2) 2004–2005	-	-	-	-	11,000	-	-	-	11,000
Appropriation Act (No. 4) 2004–2005	-	-	1,125,000	-					1,125,000
Sub-total 2004–05 Appropriations	-	-	1,125,000	-	261,000	-			1,386,000
Appropriations to take account of recoverable GST (FMAA s30A)	-	-	26,109	-	296	-			26,405
Total appropriations available for payments	-	-	1,151,109	-	261,296	-	-	-	1,412,405
Payments made (GST inclusive)	-	-	(287,201)	-	(3,264)	-	-	-	(290,465)
Balance of Authority to Draw Cash from the Consolidated Revenue Fund for other than Ordinary Annual Services Appropriations	-	-	863,908	-	258,032	-	-	-	1,121,940
Represented by:									
Appropriations receivable	-	-	-	-	258,032	-	-	-	258,032
Appropriations not drawn from the OPA	-	-	863,908	-	-	-	-	-	863,908
Total	-	-	863,908	-	258,032	-	-	-	1,121,940

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Table 28B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for other than Ordinary Annual Services Appropriations*(continued)*

Particulars	Administered				Non-operating				Total
	Outcome 1		Outcome 2						
	SPPs	NAE	SPPs	NAE	Equity	Loans	Previous Years' Outputs	Admin assets and liabilities	
	$	$	$	$	$	$	$	$	$
Year ended 30 June 2004 (Comparative Period)									
Balance carried forward from previous year					1,619,016				1,619,016
Appropriation Act (No.2) 2003-2004					90,000				90,000
Appropriation Act (No.4) 2003-2004					500,000				500,000
Appropriation Act (No.6) 2003-2004			50,000,000						50,000,000
Adjustments by the Finance Minister									-
Advance to the Finance Minister									-
Refunds credited (FMAA s30)					-				-
Appropriations to take account of recoverable GST (FMAA s30A)					25,000				25,000
Annotations to 'net appropriations' (FMAA s31)					-				-
Other cash adjustments					(1,600,000)				(1,600,000)
Adjustment of appropriations o change of entity function (FMAA s32)					-				-
Appropriation lapsed									-
Total appropriations available for payments			50,000,000		634,016				50,634,016
Cash payments made during the year (GST inclusive)			(50,000,000)		(384,016)				(50,384,016)
Appropriations credited to Special Accounts					-				-
Balance carried forward to the next year			-		250,000				250,000

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 28C: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund - Special Appropriations (Unlimited Amount)

Financial Management and Accountability Act 1997 - Section 39(9)	**2005**	**2004**
	Outcome 3	
	$	$
Purpose: for the investment of public money.		
All transactions under this act are recognised as administered items.		
Cash payments made	-	-
Budget estimate	-	-

Broadcasting Services Act 1992 - Section 98B4, Telstra Corporation Act 1991 - 8BA(3), Financial Management and Accountability Act 1997 - Section 28(2) and AUSSAT Repeal Act 1991 Section 5(5)	**2005**	**2004**
	Outcome 3	
	$	$
Purpose: Various		
All transactions under this act are recognised as administered items.		
Cash payments made	-	-
Budget estimate	-	-

Totals for Unlimited Special Appropriations		
Cash payments made	-	-
Budget estimate	-	-

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 28C: Acquittal of Authority to Draw cash from the Consolidated Revenue Fund - Special Appropriations (Limited Amount)

Appropriation (Supplementary Measures) Act (No. 1) 1999, section 3 (1) Purpose: for payment of book industry assistance. Nature: Administered and Departmental	Administered Expenses		Departmental Outputs		Total	
	2005	2004	2005	2004	2005	2004
	$	$	$	$	$	$
Balance carried forward from previous year	854		501,857	379,426	502,711	379,426
Appropriation for reporting year		10,230,000		3,070,000		13,300,000
GST credits (FMAA s30A)			31,970	66,554	31,970	66,554
Other annotations				(6,655)		(6,655)
Available for payments	854	10,230,000	533,827	3,509,325	534,681	13,739,325
Payments made	-	(10,229,146)	(521,311)	(3,007,468)	(521,311)	(13,236,614)
Balance carried to the next year	854	854	12,516	501,857	13,370	502,711
					-	-
Represented by:						
Cash			12,516	162,771	12,516	162,771
Appropriation not drawn from the OPA	854	854		339,086	854	339,940
Total	854	854	12,516	501,857	13,370	502,711

(1) The Appropriation (Supplementary Measures) Act No.1 1999 appropiation is split between the Department of Industry, Tourism and Resources,
the Department of Education, Science and Technology and the Department of Communications, Information Technology and the Arts.
The apportionment of the Special Appropriation between the entities was assigned on a letter from the Prime Minister dated 18 August 1999.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 28D: Special Accounts

Standing Committee on Recreation & Sport Consultant Account
Legal Authority: Financial Management and Accountability Act 1997, section 20.
Purpose: for the expenditure on pilot studies, specialist technical advice and programs and projects initiated by the Sport and Recreation Minister's Council and its subordinate body, the Standing Committee on Recreation and Sport, the cost of which will be jointly met by the Commonwealth, States and Territories.
Nature: Departmental

	Outcome 1		Outcome 2		Outcome 3		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
Balance carried forward from previous year	-	-	**122,218**	56,437	-	-	**122,218**	56,437
GST Credits (FMAA s30A)	-	-	**47,714**	39,283	-	-	**47,714**	39,283
Sales of goods & services - related entities	-	-	**53,650**	21,650	-	-	**53,650**	21,650
Sales of goods & services - external entities	-	-	**416,382**	436,957	-	-	**416,382**	436,957
Available for payments	-	-	**639,964**	554,327	-	-	**639,964**	554,327
Payments made to suppliers - related entities	-	-	**(343,774)**	(342,459)	-	-	**(343,774)**	(342,459)
Payments made to suppliers - external entities	-	-	**(182,549)**	(89,650)	-	-	**(182,549)**	(89,650)
Balance carried forward to next year	-	-	**113,641**	122,218	-	-	**113,641**	122,218
Represented by:								
Cash - held by the entity	-	-	**113,641**	122,218	-	-	**113,641**	122,218
Other	-	-	**-**	-	-	-	**-**	-
Aggregate of Special Account balance and related investments	-	-	**113,641**	122,218	-	-	**113,641**	122,218

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Artbank Business Operations Account
Legal Authority: Financial Management and Accountability Act 1997, section 20.
Purpose: for payment on program and operations of Artbank.
Nature: Departmental

	Outcome 1		Outcome 2		Outcome 3		Total	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
Balance carried forward from previous year	**2,341,461**	2,066,291	-	-	-	-	**2,341,461**	2,066,291
Appropriation for reporting year	-	-	-	-	-	-	**-**	-
Cost recovered	-	-	-	-	-	-	**-**	-
GST credits (FMAA s30A)	-	-	-	-	-	-	**-**	-
Adjustment for prior period reporting error	-	-	-	-	-	-	**-**	-
Sales of goods & services - related entities	**1,292,902**	1,323,002	-	-	-	-	**1,292,902**	1,323,002
Sales of goods & services - external entities	**1,411,549**	1,279,423	-	-	-	-	**1,411,549**	1,279,423
Interest from external entities	-	45,910	-	-	-	-	**-**	45,910
Other receipts	**14,873**	30,864	-	-	-	-	**14,873**	30,864
Available for payments	**5,060,785**	4,745,490	-	-	-	-	**5,060,785**	4,745,490
Payments made to employees	**(1,013,373)**	(791,931)	-	-	-	-	**(1,013,373)**	(791,931)
Payments made to suppliers - related entities	**(45,633)**	(52,040)	-	-	-	-	**(45,633)**	(52,040)
Payments made to suppliers - external entities	**(2,092,657)**	(1,560,058)	-	-	-	-	**(2,092,657)**	(1,560,058)
Payments made to other - related entities	-	-	-	-	-	-	**-**	-
Payments made to other - external entities	-	-	-	-	-	-	**-**	-
Balance carried forward to next year	**1,909,122**	2,341,461	-	-	-	-	**1,909,122**	2,341,461
Represented by:								
Cash - transferred to the Official Public Account	-	-	-	-	-	-	**-**	-
Cash - held by the entity	**1,909,122**	2,341,461	-	-	-	-	**1,909,122**	2,341,461
Other	-	-	-	-	-	-	**-**	-
Balance of Investments (FMAA s39)	-	-	-	-	-	-	**-**	-
Total per balance carried to the next period	**1,909,122**	2,341,461	-	-	-	-	**1,909,122**	2,341,461
Aggregate of Special Account balance and related investments	**1,909,122**	2,341,461	-	-	-	-	**1,909,122**	2,341,461

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

ScreenSound Australia Account [1]
Legal Authority: Financial Management and Accountability Act 1997, section 20.
Purpose: for payments and investments of donations received in connection with the activities of ScreenSound Australia.
Nature: Departmental

	Outcome 1		Outcome 2		Outcome 3		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
Balance carried forward from previous year	-	303,959	-	-	-	-	-	303,959
Appropriation for reporting period	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-
Cost recovered	-	-	-	-	-	-	-	-
GST Credits (FMAA s30A)	-	-	-	-	-	-	-	-
Available for payments	-	303,959	-	-	-	-	-	303,959
Payments made	-	303,959	-	-	-	-	-	303,959
Balance carried forward to next year	-	-	-	-	-	-	-	-
Represented by:								
Cash - transferred to the Official Public Account	-	-	-	-	-	-	-	-
Cash - held by the entity	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Balance of Investments (FMAA s39)	-	-	-	-	-	-	-	-
Total per balance carried to the next period	-	-	-	-	-	-	-	-
Aggregate of Special Account balance and related investments	-	-	-	-	-	-	-	-

[1] This program was transferred, under AAO's June 2003, to the Australian Film Commission.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Other Trust Monies Account
Legal Authority: Financial Management and Accountability Act 1997, section 20.
Purpose: for payments of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.
Nature: Departmental

	Outcome 1		Outcome 2		Outcome 3		Total	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
Balance carried from previous year	-	-	-	-	-	-	-	-
Appropriation for reporting year	-	-	-	-	-	-	-	-
Costs recovered	-	-	-	-	-	-	-	-
GST credits (FMAA s30A)	-	-	-	-	-	-	-	-
Realised investments	-	-	-	-	-	-	-	-
Other receipts	60,149	88,064	2,655	480	87,255	8,880	150,059	97,424
Available for payments	60,149	88,064	2,655	480	87,255	8,880	150,059	97,424
Payments made to suppliers	(57,951)	(88,064)	(2,413)	(480)	(83,577)	(8,880)	(143,941)	(97,424)
Balance carried to the next year	2,198	-	242	-	3,678	-	6,118	-
Represented by:								
Cash on call held in the OPA	-	-	-	-	-	-	-	-
Cash held by the entity	2,198	-	242	-	3,678	-	6,118	-
Total	2,198	-	242	-	3,678	-	6,118	-
Balance of investments (FMAA s39)	-	-	-	-	-	-	-	-
Aggregate of Special Account balance and related investments	2,198	-	242	-	3,678	-	6,118	-

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Federation Fund Account
Legal Authority: Financial Management and Accountability Act 1997, section 20.
Purpose: for the expenditure on substantial capital projects throughout Australia which will mark the Centenary of Federation and make a significant and lasting contribution to the Australian community.
Nature: Administered

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Balance carried from previous period	4,439,679	8,841,199	8,861,550	8,861,550	-	-	-	-	13,301,229	17,702,749
Appropriation for reporting period	-	-	-	-	-	-	-	-	-	-
Costs recovered	-	-	-	-	-	-	-	-	-	-
GST credits (FMAA s30A)	57,741	63,922	-	-	-	-	-	-	57,741	63,922
Adjustment for prior year reporting error	-	-	-	-	-	-	-	-	-	-
Realised investments	-	-	-	-	-	-	-	-	-	-
Other receipts - return of deposit monies	-	201,123	-	-	-	-	-	-	-	201,123
Available for payments	4,497,420	9,106,244	8,861,550	8,861,550	-	-	-	-	13,358,970	17,967,794
Payments made for grants	(1,709,096)	(4,210,240)	-	-	-	-	-	-	(1,709,096)	(4,210,240)
Payments made to suppliers	-	(456,325)	-	-	-	-	-	-	-	(456,325)
Investments debited from the Special Account (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Balance carried to the period	2,788,324	4,439,679	8,861,550	8,861,550	-	-	-	-	11,649,874	13,301,229
Represented by:										
Cash on call held in the OPA	2,788,324	3,529,421	8,861,550	8,861,550	-	-	-	-	11,649,874	12,390,971
Cash held by the entity	-	910,258	-	-	-	-	-	-	-	910,258
Total	2,788,324	4,439,679	8,861,550	8,861,550	-	-	-	-	11,649,874	13,301,229
Balance of investments (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Aggregate of Special Account balance and related investments	2,788,324	4,439,679	8,861,550	8,861,550	-	-	-	-	11,649,874	13,301,229

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Regional Telecommunications Infrastructure Account
Legal Authority: Financial Management and Accountability Act 1997, section 20.
Purpose: for payments of financial assistance for telecommunications related projects in regional areas.
Nature: Administered

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Balance carried from previous period	-	-	-	-	36,065,134	54,430,158	-	-	36,065,134	54,430,158
Appropriation for reporting period	-	-	-	-	-	-	-	-	-	-
Costs recovered	-	-	-	-	-	-	-	-	-	-
GST credits (FMAA s30A)	-	-	-	-	-	436,178	-	-	-	436,178
Adjustment for prior period reporting error	-	-	-	-	-	-	-	-	-	-
Realised investments	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	219,475	-	-	-	219,475	-
Available for payments	-	-	-	-	36,284,609	54,866,336	-	-	36,284,609	54,866,336
Payments made for grants	-	-	-	-	-	(18,801,202)	-	-	-	(18,801,202)
Payments made for subsidies	-	-	-	-	-	-	-	-	-	-
Other payments	-	-	-	-	-	-	-	-	-	-
Investments debited from the Special Account (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Balance carried to the period	-	-	-	-	36,284,609	36,065,134	-	-	36,284,609	36,065,134
Represented by:										
Cash on call held in the OPA	-	-	-	-	36,284,609	36,065,134	-	-	36,284,609	36,065,134
Cash held by the entity	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	36,284,609	36,065,134	-	-	36,284,609	36,065,134
Balance of investments (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Aggregate of Special Account balance and related investments	-	-	-	-	36,284,609	36,065,134	-	-	36,284,609	36,065,134

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

National Relay Service Account

Legal Authority: Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Service Standards) Act 1999, section 102.
Purpose: provision of telephone services to the hearing impaired.
Nature: Administered

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Balance carried from previous period	-	-	-	-	(10,975)	(251)	-	-	(10,975)	(251)
Appropriation for reporting period	-	-	-	-	-	-	-	-	-	-
Costs recovered	-	-	-	-	-	-	-	-	-	-
GST credits (FMAA s30A)	-	-	-	-	1,467,294	1,367,447	-	-	1,467,294	1,367,447
Realised investments	-	-	-	-	-	-	-	-	-	-
Other receipts - levy on telecommunication carriers	-	-	-	-	15,285,239	14,350,638	-	-	15,285,239	14,350,638
Available for payments	-	-	-	-	16,741,558	15,717,834	-	-	16,741,558	15,717,834
Payments made to National Relay Service provider	-	-	-	-	(16,741,558)	(15,728,809)	-	-	(16,741,558)	(15,728,809)
Investments debited from the Special Account (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Balance carried to the period	-	-	-	-	-	(10,975)	-	-	-	(10,975)
Represented by:										
Cash on call held in the OPA	-	-	-	-	-	(10,975)	-	-	-	(10,975)
Cash held by the entity	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	(10,975)	-	-	-	(10,975)
Balance of investments (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Aggregate of Special Account balance and related investments	-	-	-	-	-	(10,975)	-	-	-	(10,975)

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Television Fund Account

Legal Authority: Financial Management and Accountability Act 1997, sections 21 and 39, and Telstra Corporation Act 1991, section 63.

Purpose: provide for extended and or improved television broadcast service coverage.

Nature: Administered

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Balance carried from previous period	-	-	-	-	9,853,568	9,857,487	-	-	9,853,568	9,857,487
Appropriation for reporting period	-	-	-	-	-	-	-	-	-	-
Costs recovered	-	-	-	-	-	-	-	-	-	-
GST credits (FMAA s30A)	-	-	-	-	869,116	59,814	-	-	869,116	59,814
Adjustment for prior year reporting error	-	-	-	-	-	6,650	-	-	-	6,650
Realised investments	-	-	-	-	12,027,158	6,325,163	-	-	12,027,158	6,325,163
Receipts - grants refunds	-	-	-	-	65,795	-	-	-	65,795	-
Other receipts - interest	-	-	-	-	607,642	674,837	-	-	607,642	674,837
Available for payments	-	-	-	-	23,423,279	16,923,951	-	-	23,423,279	16,923,951
Payments made for grants	-	-	-	-	(12,785,997)	(7,067,655)	-	-	(12,785,997)	(7,067,655)
Payments made to suppliers	-	-	-	-	-	(2,728)	-	-	-	(2,728)
Investments debited from the Special Account (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Other adjustments [1]	-	-	-	-	(10,637,282)	-	-	-	(10,637,282)	-
Balance carried to the period	-	-	-	-	-	9,853,568	-	-	-	9,853,568
Represented by:										
Cash on call held in the OPA	-	-	-	-	-	9,853,568	-	-	-	9,853,568
Cash held by the entity	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	9,853,568	-	-	-	9,853,568
Balance of investments (FMAA s39)	-	-	-	-	-	12,027,158	-	-	-	12,027,158
Aggregate of Special Account balance and related investments	-	-	-	-	-	21,880,726	-	-	-	21,880,726

[1] The Television Fund Account was closed on 30 June 2005.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Universal Service Account
Legal Authority: Financial Management and Accountability Act 1997, section 21 and Telecommunications (Consumer Protection and Service Standards) Act 1999, section 21.
Purpose: for collection of payments from telecommunications carriers required to contribute to the costs of providing universal service requirements.
Nature: Administered

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
Balance carried from previous period	-	-	-	-	**264,528**	46,247	-	-	**264,528**	46,247
Appropriation for reporting period	-	-	-	-	-	-	-	-	-	-
Costs recovered	-	-	-	-	-	-	-	-	-	-
GST credits (FMAA s30A)	-	-	-	-	**6,824,995**	6,479,485	-	-	**6,824,995**	6,479,485
Adjustment for prior period reporting error	-	-	-	-	-	-	-	-	-	-
Realised investments	-	-	-	-	-	-	-	-	-	-
Other receipts - levy on telecommunication carriers	-	-	-	-	**71,925,657**	68,128,677	-	-	**71,925,657**	68,128,677
Available for payments	-	-	-	-	**79,015,180**	74,654,409	-	-	**79,015,180**	74,654,409
Payments made under the Universal Service Obligation arrangements	-	-	-	-	**(79,005,372)**	(74,389,881)	-	-	**(79,005,372)**	(74,389,881)
Investments debited from the Special Account (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Balance carried to the period	-	-	-	-	**9,808**	264,528	-	-	**9,808**	264,528
Represented by:										
Cash on call held in the OPA	-	-	-	-	**9,808**	264,528	-	-	**9,808**	264,528
Cash held by the entity	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	**9,808**	264,528	-	-	**9,808**	264,528
Balance of investments (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Aggregate of Special Account balance and related investments	-	-	-	-	**9,808**	264,528	-	-	**9,808**	264,528

The USO Special Account was transferred to the Australian Communications and Media Authority from 1 July 2005. See Note 3: Events Occurring after Reporting Date.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Untimed Local Call Access Account

Legal Authority: Financial Management and Accountability Act 1997, section 21 and Telstra Corporation Act 1991, section 52.

Purpose : provide local call access to people outside the standard zone and extend facilities to those within.

Nature: Administered

	Outcome 1		Outcome 2		Outcome 3		Outcome 4		Total	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
Balance carried from previous period	-	-	-	-	**34,160,152**	34,160,152	-	-	**34,160,152**	34,160,152
Appropriation for reporting period	-	-	-	-	-	-	-	-	-	-
Costs recovered	-	-	-	-	-	-	-	-	-	-
GST credits (FMAA s30A)	-	-	-	-	-	-	-	-	-	-
Realised investments	-	-	-	-	-	-	-	-	-	-
Other receipts - interest	-	-	-	-	-	-	-	-	-	-
Available for payments	-	-	-	-	**34,160,152**	34,160,152	-	-	**34,160,152**	34,160,152
Payments made under the Untimed Local Call Access contract	-	-	-	-	-	-	-	-	-	-
Investments debited from the Special Account (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Other Adjustments [1]	-	-	-	-	**(34,160,152)**	-	-	-	**(34,160,152)**	-
Balance carried to the period	-	-	-	-	-	34,160,152	-	-	-	34,160,152
Represented by:										
Cash on call held in the OPA	-	-	-	-	-	34,160,152	-	-	-	34,160,152
Cash held by the entity	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	34,160,152	-	-	-	34,160,152
Balance of investments (FMAA s39)	-	-	-	-	-	-	-	-	-	-
Aggregate of Special Account balance and related investments	-	-	-	-	-	34,160,152	-	-	-	34,160,152

[1] The Untimed Local Call Access Account was abolished on 22 February 2005.

353

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 29 - Specific Payment Disclosures	2005 $	2004 $
Administered		
No 'Act of Grace' payments were made during either reporting period, and there are no amounts owing as at year end.	**Nil**	Nil
No waivers of amounts owing to the Australian Government were made pursuant to Subsection 34(1) of the *Financial Management and Accountability Act 1997*.	**Nil**	Nil
No payments were made under the 'Defective Administration Scheme' during either reporting period.	**Nil**	Nil
No 'ex-gratia' payments were made during either reporting period.	**Nil**	Nil
No payments were made under s73 of the *Public Service Act 1999* during either reporting period.	**Nil**	Nil
Departmental		
No 'Act of Grace' payments were made during either reporting period, and there are no amounts owing as at year end.	**Nil**	Nil
No waivers of amounts owing to the Australian Government were made pursuant to Subsection 34(1) of the *Financial Management and Accountability Act 1997*.	**Nil**	Nil
No payments were made under the 'Defective Administration Scheme' during either reporting period.	**Nil**	Nil
No 'ex-gratia' payments were made during either reporting period.	**Nil**	Nil
No payments were made under s73 of the *Public Service Act 1999* during either reporting period.	**Nil**	Nil

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 30: Reporting by Outcome

The Department of Communications, Information Technology and the Arts uses a costing system to determine the attribution of its shared items (overheads) to Outcomes and Outputs. This system is largely based on the use of actual Average Staffing Levels (ASLs) month by month. The basis of attribution used in the 'Reporting of Outcomes' tables is consistent with the basis used for the 2004-2005 budget.

Note 30A: Net Cost of Outcome Delivery

	Outcome 1 2005 $'000	Outcome 1 2004 $'000	Outcome 2 2005 $'000	Outcome 2 2004 $'000	Outcome 3 2005 $'000	Outcome 3 2004 $'000	Total 2005 $'000	Total 2004 $'000
Administered expenses	153,536	138,854	21,291	54,289	425,345	431,044	600,172	624,187
Departmental expenses	44,921	38,610	6,281	3,271	63,558	56,672	114,760	98,553
Total expenses	**198,457**	**177,464**	**27,572**	**57,560**	**488,903**	**487,716**	**714,932**	**722,740**
Cost recovered from provision of goods and services to the non-government sector								
Administered								
Departmental	-	-	-	-	-	-	-	-
Total costs recovered	-	-	-	-	-	-	-	-
Other external revenues								
Administered								
Interest on loans	-	4	-	-	493	741	493	745
Dividends from Australian Government Companies	-	-	-	-	2,368,948	1,830,052	2,368,948	1,830,052
Industry levies	-	-	-	-	247,113	255,736	247,113	255,736
Other	10,507	5,287	11,703	8	6,342	247,661	28,552	252,956
Total Administered	10,507	5,291	11,703	8	2,622,896	2,334,190	2,645,106	2,339,489
Departmental								
Interest on cash deposits	5	43	-	2	7	34	12	79
Revenue from disposals of assets	19	38	-	1	5	30	24	69
Reversals of previous asset write-downs	-	-	-	-	-	-	-	-
Other	4,782	4,238	772	468	923	919	6,477	5,625
Goods and services revenue from related entities	1,433	2,168	13	82	173	1,395	1,619	3,645
Total Departmental	6,239	6,487	785	553	1,108	2,378	8,132	9,418
Total other external revenues	16,746	11,778	12,488	561	2,624,004	2,336,568	2,653,238	2,348,907
Net cost/(contribution) of outcome	**181,711**	**165,686**	**15,084**	**56,999**	**(2,135,101)**	**(1,848,852)**	**(1,938,306)**	**(1,626,167)**

Outcomes 1, 2 and 3 are described in Note 1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 05

Note 30B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs *(continued)*

	Output 1.1		Output 1.2		Outcome 1 Total	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Departmental expenses						
Employees	15,796	11,402	7,771	6,838	23,567	18,240
Suppliers	9,486	9,679	7,157	6,743	16,643	16,422
Depreciation and amortisation	666	410	483	309	1,149	719
Grants	3,099	2,459	-	-	3,099	2,459
Other	83	211	380	559	463	770
Total departmental expenses	29,130	24,161	15,791	14,449	44,921	38,610
Funded by:						
Revenues from government	24,947	22,246	15,623	36,436	40,570	58,682
Sale of goods and services	2,498	2,813	934	1,069	3,432	3,882
Other non-taxation revenues	1,795	1,264	1,012	1,341	2,807	2,605
Total departmental revenues	29,240	26,323	17,569	38,846	46,809	65,169

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 05

Note 30B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

	Output 2.1		Outcome 2 Total	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Departmental expenses				
Employees	3,935	1,951	3,935	1,951
Suppliers	2,249	1,252	2,249	1,252
Depreciation and amortisation	89	50	89	50
Grants	-	-	-	-
Other	8	18	8	18
Total departmental expenses	**6,281**	3,271	**6,281**	3,271
Funded by:				
Revenues from government	6,687	3,083	6,687	3,083
Sale of goods and services	44	82	44	82
Other non-taxation revenues	741	471	741	471
Total departmental revenues	**7,472**	3,636	**7,472**	3,636

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 05

Note 30B: Major Classes of Departmental Revenues and Expenses by Output Groups and Outputs

	Output 3.1		Output 3.2		Output 3.3		Output 3.4		Output 3.5		Outcome 3 Total	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Departmental expenses												
Employees	14,885	14,015	8,123	6,323	4,758	5,520	1,431	1,030	7,209	1,351	36,406	28,239
Suppliers	8,287	12,518	3,395	2,736	2,494	2,972	552	578	5,204	1,484	19,932	20,288
Depreciation and amortisation	599	450	254	177	177	150	58	38	271	34	1,359	849
Grants	30	66	5,619	5,701	-	1,100	-	-	170	-	5,819	6,867
Other	22	203	10	59	3	55	1	11	6	101	42	429
Total departmental expenses	23,823	27,252	17,401	14,996	7,432	9,797	2,042	1,657	12,860	2,970	63,558	56,672
Funded by:												
Revenues from government	24,649	29,722	18,516	15,957	8,104	9,167	2,018	1,462	13,636	2,836	66,923	59,144
Sale of goods and services	138	761	80	276	58	350	338	477	59	51	673	1,915
Other non-taxation revenues	231	402	70	22	53	31	14	4	67	4	435	463
Total departmental revenues	25,018	30,885	18,666	16,255	8,215	9,548	2,370	1,943	13,762	2,891	68,031	61,522

The comparatives shown have been re-stated in relation to output 3.5 (Information Economy), shown previously as part on Output 3.2.

Department of Communications, Information Technology and the Arts
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 30C: Major Classes of Administered Revenues and Expenses by Outcomes

	Outcome 1		Outcome 2		Outcome 3		Total	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Administered Revenues								
Interest	-	4	-	-	493	741	493	745
Dividends	-	-	-	-	2,368,948	1,830,052	2,368,948	1,830,052
Industry levies	-	-	-	-	247,113	255,736	247,113	255,736
Other	10,507	5,287	11,703	8	6,342	247,661	28,552	252,956
Total Administered Revenues	10,507	5,291	11,703	8	2,622,896	2,334,190	2,645,106	2,339,489
Administered Expenses								
Grants	126,067	114,861	20,243	54,289	118,734	135,540	265,043	304,690
Subsidies	-	-	-	-	286,760	1,308	286,760	1,308
Suppliers	1,062	280	1,048	-	629	812	2,739	1,092
Depreciation and amortisation	8,079	6,814	-	-	-	-	8,079	6,814
Write-down and impairment of assets	-	-	-	-	789	7,046	789	7,046
Value of assets sold	1,118	-	-	-	-	-	1,118	-
Other	17,210	16,899	-	-	18,433	286,338	35,644	303,237
Total Administered Expenses	153,536	138,854	21,291	54,289	425,345	431,044	600,172	624,187

INDEPENDENT AUDIT REPORT

To the Minister for Communications, Information Technology and the Arts

<u>**Matters relating to the Electronic Presentation of the Audited Financial Statements**</u>

This audit report relates to the financial statements published in both the annual report and on the website of the Department of Communications, Information Technology and the Arts for the year ended 30 June 2005. The Department's Secretary is responsible for the integrity of both the annual report and its web site.

The audit report refers only to the financial statements, schedules and notes named below. It does not provide an opinion on any other information which may have been hyperlinked to/from the audited financial statements.

If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial statements in the Department's annual report.

<u>**Scope**</u>

The financial statements and Secretary's responsibility

The financial statements comprise:

- Statement by the Secretary and Chief Finance Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Commitments and Contingencies;
- Schedule of Administered Items; and
- Notes to and forming part of the Financial Statements

of the Regional Telecommunications Infrastructure Fund Account for the year ended 30 June 2005.

The Department's Secretary is responsible for preparing financial statements that give a true and fair presentation of the financial position and performance of the Regional Telecommunications Infrastructure Fund Account, and that comply with accounting

standards, other mandatory financial reporting requirements in Australia, and the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*. The Department's Secretary is also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

I have conducted an independent audit of the financial statements in order to express an opinion on them to you. My audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial statements are free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive, rather than conclusive, evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

While the effectiveness of management's internal controls over financial reporting was considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

I have performed procedures to assess whether, in all material respects, the financial statements present fairly, in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, accounting standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Regional Telecommunications Infrastructure Account's financial position, and of its performance as represented by the statements of financial performance and cash flows.

The audit opinion is formed on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial statements; and

- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Secretary.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the ethical requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the financial statements of the Regional Telecommunications Infrastructure Account:

(a)   have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*; and

(b)   give a true and fair view of the Regional Telecommunications Infrastructure Account's financial position as at 30 June 2005 and of its performance and cash flows for the year then ended, in accordance with:

(i)   the matters required by the Finance Minister's Orders; and

(ii)   applicable accounting standards and other mandatory financial reporting requirements in Australia.

Australian National Audit Office

Richard Rundle
Executive Director

Delegate of the Auditor-General

Canberra
1 September 2005

Australian Government

**Department of Communications,
Information Technology and the Arts**

**REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT
(RTIA)**

2004-2005 FINANCIAL STATEMENTS

STATEMENT BY THE DEPARTMENTAL SECRETARY
AND CHIEF FINANCIAL OFFICER

In our opinion, the attached financial statements for the year ended 30 June 2005 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*.

Signed......................

Helen Williams AO
Secretary

 September 2005

Signed......................

Jennifer Gale FCPA
Chief Financial Officer

 September 2005

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2005

	Notes	**2005** **$'000**	2004 $'000
Revenues from ordinary activities			
Grant refunds	5	**337**	**-**
Total revenues from ordinary activities		**337**	**-**
Expenses from ordinary activities			
Grants	6	**-**	24,348
Write-down and impairment of assets	7	**125**	160
Total expenses from ordinary activities		**125**	24,508
Net operating surplus / (deficit) from ordinary activities		**212**	(24,508)
Total changes in equity other than those resulting from			
transactions with the Australian Government as owners		**212**	(24,508)

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
STATEMENT OF FINANCIAL POSITION
as at 30 June 2005

	Notes	**2005** **$'000**	2004 $'000
ASSETS			
Financial Assets			
Cash	8	**-**	-
Receivables	9	**36,285**	36,073
Total Financial Assets		**36,285**	36,073
Non-Financial Assets			
Prepayments	10	**303**	303
Total Non-Financial Assets		**303**	303
Total Assets		**36,588**	36,376
LIABILITIES			
Total Liabilities		**-**	-
NET ASSETS		**36,588**	36,376
EQUITY			
Retained Surpluses / (Accumulated deficits)	12	36,588	36,376
TOTAL EQUITY		**36,588**	36,376
Current Assets		**36,588**	36,376
Non-current Assets		**-**	-
Current Liabilities		**-**	-
Non-current Liabilities		**-**	-

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
STATEMENT OF CASH FLOWS
for the year ended 30 June 2005

	Notes	2005 $'000	2004 $'000
OPERATING ACTIVITIES			
Cash Received			
Grant refunds		**221**	-
Net GST received from ATO		**-**	436
Total Cash Received		**221**	436
Cash Used			
Grants		**(1)**	(18,801)
Total Cash Used		**(1)**	(18,801)
Net Cash from / (Used In) Operating Activities	13	**220**	(18,365)
FINANCING ACTIVITIES			
Cash Received			
GST Appropriations		**-**	436
Total Cash Received		**-**	436
Cash Used			
Return of GST Appropriations to OPA		**-**	(436)
Total Cash Used		**-**	(436)
Net Cash from / (Used In) Financing Activities		**-**	-
Net Increase / (Decrease) in Cash Held		**220**	(18,365)
Cash at the beginning of the reporting period		**-**	-
Cash from Official Public Account		**-**	18,365
Cash to Official Public Account		**(220)**	-
Cash at the end of the reporting period		**-**	-

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
SCHEDULE OF COMMITMENTS
as at 30 June 2005

	2005 $'000	2004 $'000
BY TYPE		
Other Commitments		
Grants	-	-
Total Other Commitments	-	-
Commitments Receivables	-	-
Net Commitments by Type	-	-
BY MATURITY		
Other Commitments		
One year or less	-	-
From one to five years	-	-
Net Commitments by Maturity	-	-

NB: All commitments are GST inclusive where relevant.

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
SCHEDULE OF CONTINGENCIES
as at 30 June 2005

Contingent liabilities	Guarantees		Indemnities		Total	
	2005	2004	**2005**	2004	**2005**	2004
Balance from previous period	-	-	-	-	-	-
New	-	-	-	-	-	-
Obligations expired	-	-	-	-	-	-
Total Contingent Liabilities	-	-	-	-	-	-

Contingent assets	Guarantees		Indemnities		Total	
	2005	2004	**2005**	2004	**2005**	2004
Balance from previous period	-	-	-	-	-	-
New	-	-	-	-	-	-
Assets crystallised	-	-	-	-	-	-
Total Contingent Assets	-	-	-	-	-	-
Net Contingencies	-	-	-	-	-	-

Details of each class of contingent liabilities and assets, including those not included above because they cannot be quantified or are considered remote, are disclosed in **Note 11: Contingent Liabilities and Assets**.

This schedule should be read in conjunction with the accompanying notes.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

No.	Description
1	Objectives of the RTIA
2	Funding Arrangements for the RTIA
3	Summary of Significant Accounting Policies
4	Implementation of Australian Equivalents to International Financial Reporting Standards (AEIFRS)
5	Revenue
6	Grants
7	Write Down and Impairment of Assets
8	Cash
9	Receivables
10	Prepayments
11	Contingent Liabilities and Assets
12	Equity
13	Cash Flow Reconciliation
14	Financial Instruments
15	Receipts and Expenditure of the Special Account

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Introduction

The Regional Telecommunications Infrastructure Account (RTIA) is a special account funded through the partial sale of Telstra and the subsequent social bonus. The special account was established under s20 of the *Financial Management and Accountability Act 1997* and is administered by the Department of Communications, Information Technology and the Arts (DCITA).

Note 1 - Objectives of the RTIA

The objective of RTIA is to assist the economic and social development of regional, rural and remote Australia by funding projects which:

- enhance telecommunications infrastructure and services in regional, rural and remote areas;
- increase access to, and promote use of, services available through telecommunications networks in regional, rural and remote areas; or
- reduce disparities in access to such services and facilities between Australians in regional, rural or remote areas and those in urban areas.

Note 2 - Funding arrangements for the RTIA

The Government announced the establishment of the RTIA in December 1996 with total funding of $250m, with $50m being allocated each year from 1997-98 to 2001-02.

Of these total funds, $9.606m in each year was allocated to DCITA's departmental appropriation to manage the program. The balance of the annual $50m allocation was transferred into the RTIA.

A further $81m of funding was provided for three programs, including Telecommunication Needs of Remote Communities ($20m), Rural Internet Access ($36m) and Mobile Phones Along Highways ($25m) all of which allowed spending up to 30 June 2003. The balance of this funding can no longer be used for any payments.

Note 3 – Summary of Significant Accounting Policies

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general-purpose financial report.

The statements have been prepared in accordance with:
- Finance Minister's Orders (or FMO's being the *Financial Management and Accountability* (*Financial Statements for reporting periods ending on or after 30 June 2005*) *Orders*);
- Australian Accounting Standards and Accounting Interpretations issued by Australian Accounting Standards Board;
- Consensus Views of the Urgent Issues Group.

The Statement of Financial Performance and Statement of Financial Position have been prepared on an accrual basis and are in accordance with the historical cost convention. Except where stated, no allowance is made for the effect of changing prices on the results or the Statement of Financial Position.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. However assets and liabilities arising under agreements equally proportionally unperformed are not recognised unless required by an Accounting Standard. Liabilities and assets, which are unrecognised, are reported in the Schedule of Commitments and the Schedule of Contingencies (other than unquantifiable or remote contingencies, which are reported at Note 11).

Revenues and expenses are recognised in the Statement of Financial Performance when, and only when, the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

RTIA's continued existence, in its current form and with its current outputs, is dependent on Government policy and on continuing appropriation by Parliament of the unspent funding. The RTIA program funding ended on 30 June 2004.

3.1 Changes in Accounting Policy

There are no changes in accounting policy.

3.2 Rounding

Amounts have been rounded to the nearest $1,000 except for Note 15.

3.3 Cash

Cash includes cheques, notes and coins, deposits held at call with a bank or financial institution and cash held with the Official Public Account.

3.4 Grants and Subsidies

Grant and subsidy liabilities are recognised to the extent that:

(a) the services required to be performed by the grantee have been performed; or
(b) the grant/subsidy eligibility criteria have been satisfied.

Where grant/subsidy monies are paid in advance of performance or eligibility, a prepayment is recognised. Grant commitments are reported in the Schedule of Commitments for any agreements signed that have not met the expense recognition criteria.

3.5 Financial Instruments

Accounting policies for financial instruments are stated at Note 14.

3.6 Taxation

The RTIA is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax (GST).

Goods and Services Tax

Revenue and expenses are recognised net of the amount of GST:
• except where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
• except receivables and payables.

3.7 Comparative Figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation and disclosure requirements in the financial statements and notes.

Note 4 - Implementation of Australian Equivalents to International Financial Reporting Standards (AEIFRS)

Accounting Standard AASB 1047 *Disclosing the impact of Adopting Australian Equivalents to International Financial Reporting Standards* requires that the financial statements for 2004-05 disclose:
• an explanation of how the transition to AEIFRS is being managed;

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

- a narrative explanation of the key differences in accounting policies arising from the transition; and
- information on known, reliably estimable impacts on the 2004-05 financial report had it been prepared under AEIFRS.

The purpose of this Note is to make these disclosures.

The Chief Financial Officer (CFO) of the RTIA is responsible for the implementation of AEIFRSs, and has been assisted by a working group in managing this task. The application of AEIFRS in 2005-06 has been reviewed by this team in detail and is expected to have no impact on RTIA's financial statements.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 $'000	2004 $'000
Note 5 - Revenue		
Grant refunds	337	-
Total Revenue	337	-
Note 6 - Grants		
Grants		
Non-profit institutions	-	5,056
State and Territory Governments	-	13,965
Local Governments	-	5,327
Total Grants	-	24,348
Note 7 - Write Down and Impairment of Assets		
Financial assets - receivables	125	160
Total Write Down and Impairment of Assets	125	160
Note 8 - Cash		
Cash	-	-
Total Cash	-	-
Note 9 - Receivables		
Appropriation receivable	36,285	36,065
Grant refunds	310	180
Less: Provision for doubtful debts	(310)	(172)
Total Receivables (net)	36,285	36,073
Receivables (gross) are aged as follows:		
Overdue by:		
less than 30 days	-	8
30-60 days	-	-
60-90 days	-	-
More than 90 days	36,595	36,237
Total Receivables (Gross)	36,595	36,245
Provision for doubtful debts (gross) are aged as follows:		
Overdue by:		
less than 30 days	-	-
30-60 days	-	-
60-90 days	-	-
More than 90 days	(310)	(172)
Total Provision for Doubtful Debts (Gross)	(310)	(172)
Note 10 - Prepayments		
Grants	303	303
Total Prepayments	303	303

Department of Communications, Information Technology and the Arts

REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

Note 11 - Contingent Liabilities and Assets

Quantifiable Contingencies

Quantifiable contingencies that are not remote nor unquantifiable are disclosed in the Schedule of Contingencies as Quantifiable Contingencies.

Unquantifiable Contingencies

There are no unquantifiable contingencies at 30 June 2005 (2003-04: Nil).

Remote Contingencies

The Account reports contingent liabilities in respect of a request to rectify a contract to make an additional $2.5m at 30 June 2005 (2004: $2.5m) payable. The department denies that there is any legal grounds which require the contract to be rectified.

Department of Communications, Information Technology and the Arts

REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

Note 12 - Equity
Table A: Analysis of Equity

Item	Accumulated results		Asset Revaluation Reserves		Contributed equity		Total equity	
	2005	2004	2005	2004	2005	2004	2005	2004
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance	36,376	60,884	-	-	-	-	36,376	60,884
Net surplus / deficit	212	(24,508)	-	-	-	-	212	(24,508)
Closing balance	36,588	36,376	-	-	-	-	36,588	36,376
Total equity attributable to the Commonwealth	36,588	36,376	-	-	-	-	36,588	36,376

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 13 - Cash Flow Reconciliation	**2005**	2004
	$'000	$'000
Reconciliation of Net Surplus to Net Cash from Operating Activities:		
Net Surplus (Deficit)	**212**	(24,508)
(Increase) / Decrease in Receivables	**8**	45
(Increase) / Decrease in Prepayments	**-**	6,098
Net Cash from / (Used In) Operating Activities	**220**	(18,365)

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 14 - Financial Instruments

(a) Terms, Conditions and Accounting Policies

Financial Instrument	Note	Accounting Policies and Methods	Nature of Underlying Instrument
Financial Assets:		*Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.*	
Cash	8	Deposit is recognised at its nominal amount.	The balance of the cash account is non interest bearing.
Receivables	9	These receivables are recognised at the nominal amounts.	Credit terms are net 30 days (2003/2004: 30 days).
Financial Liabilities:		*Financial Liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.*	

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 14 - Financial Instruments

(b) Interest Rate Risk

	Notes	Floating Interest Rate		Fixed Interest Rate Maturing In								Non-Interest Bearing		Total		Weighted Average Effective Interest Rate	
				1 year or less		1 to 2 years		1 to 5 years		> 5 years							
		2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	%	%
Financial Assets																	
Cash	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	n/a	n/a
Receivables	9	-	-	-	-	-	-	-	-	-	-	36,285	36,073	36,285	36,073	n/a	n/a
Total Financial Assets (Recognised)		-	-	-	-	-	-	-	-	-	-	36,285	36,073	36,285	36,073	n/a	n/a
Total Assets														36,588	36,376		
Liabilities Unrecognised																	
Other liabilities	11	-	-	-	-	n.a	n.a	-	-	-	-	2,500	2,500	2,500	2,500	n/a	n/a
Total Financial Liabilities (Unrecognised)		-	-	-	-	n.a	n.a	-	-	-	-	2,500	2,500	2,500	2,500	n/a	n/a
Total Liabilities														2,500	2,500		

Department of Communications, Information Technology and the Arts

REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2005

Note 14 - Financial Instruments

(c) Net Fair Values of Agency Financial Assets and Liabilities

	Note	2005		2004	
		Total carrying amount $'000	Aggregate net fair value $'000	Total carrying amount $'000	Aggregate net fair value $'000
Financial Assets					
Cash	8	-	-	-	-
Receivables	9	36,285	36,285	36,073	36,073
Total Financial Assets (Recognised)		36,285	36,285	36,073	36,073
Liabilities Unrecognised					
Other liabilities	11	2,500	2,500	2,500	2,500
Total Financial Liabilities (Unrecognised)		2,500	2,500	2,500	2,500

Financial Assets

The net fair value of cash and receivables approximate their carrying amounts.

Financial Liabilities

The net fair value of subsidies and grants payable approximate their carrying amounts.

Department of Communications, Information Technology and the Arts
REGIONAL TELECOMMUNICATIONS INFRASTRUCTURE ACCOUNT (RTIA)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Note 15 - Receipts and Expenditure of the Special Account

Legal authority - *Financial Management and Accountability Act 1997* , section 20.

	Cash		Investments		Total	
	2005 $	2004 $	**2005** $	2004 $	**2005** $	2004 $
Opening amount available for appropriation	**36,065,134**	54,430,158	**-**	-	**36,065,134**	54,430,158
Plus: Other revenue credited during year	**219,475**	436,178	**219,475**	436,178	**219,475**	436,178
Receipts from realisation of investments	**-**	-	**-**	-	**-**	-
Adjustment for prior period reporting error	**-**	-	**-**	-	**-**	-
Total available for expenditure	**36,284,609**	54,866,336	**-**	-	**36,284,609**	54,866,336
Less: Payments made during the year	**-**	(18,801,202)	**-**	-	**-**	(18,801,202)
Closing amount available for appropriation	**36,284,609**	36,065,134	**-**	-	**36,065,134**	36,065,134

Other information

Glossary of terms

10B &10BA tax concessions Under the provisions of Division 10BA of the Income Tax Assessment Act 1936, Australian resident taxpayers are generally able to claim a deduction for 100 per cent of monies invested in certain production costs of certain film and television programs. Alternatively, the Australian resident taxpayer may elect to claim a two year write off for certain capital expenditure incurred under Division 10B of the same Act.

Accrual accounting System of accounting where items are brought to account and included in the financial statements as they are earned or incurred, rather than as they are received or paid.

Accrual budget A comprehensive budget incorporating assets, liabilities and revenues, as well as cash receipts and expenditures.

Activity What an agency does to convert inputs into outputs.

Administered items Expenses, revenues, assets or liabilities managed by agencies on behalf of the Commonwealth. Agencies do not control administered items. Administered expenses include grants, subsidies and benefits. In many cases, administered expenses fund the delivery of third party outputs.

Appropriation An authorisiation by Parliament to spend moneys from the Consolidated Revenue Fund for a particular purpose.

Agency Agencies are departments of state, departments of parliament and 'prescribed agencies' for the purposes of the Financial Management and Accountability Act 1997.

Annual report One of the major accountability documents presented to Parliament. It provides a broad statement of agency or authority capability and performance. It allows chief executives to account to their minister for the efficiency and effectiveness of the administration for which the minister is ultimately responsible.

Annual appropriation Two appropriation Bills are introduced into Parliament in May and comprise the Budget. Further Bills are introduced later in the financial year as part of the additional estimates. Parliamentary departments have their own appropriations.

APS employee A person engaged under section 22 or a person who is engaged as an APS employee under section 72 of the Public Service Act 1999.

Assets Future economic benefits controlled by an entity as a result of past transactions or other past events.

Australian Workplace Agreements	An Australian Workplace Agreement (AWA) is a formalised individual contract that is registered by the Office of the Employment Advocate.
Average staffing level	The average number of employees receiving salary or wages over the financial year, with adjustments for casual and part-time employees to show the full-time equivalent.
Business angels	Individuals who invest capital in and bring management expertise to new enterprises with growth potential.
Certified agreement	A certified agreement is a written agreement about working conditions and wages made between an employer and its employees that is approved and certified by an industrial tribunal.
Chief Executive Instructions	Instructions issued by the Secretary of the Department for the administration of the Department. These instructions are issued under the authority of the *Financial Management and Accountability Act 1997*, s52.
Competitive tendering and contracting (CTC)	The process of contracting out the delivery of government activities previously performed by an Australian Government agency to another organisation.
Competitive tendering	The process by which agencies call for offers to perform a service from internal and external bodies, including the private sector and other departments and agencies, in an open and transparent competitive environment.
Consultancy services	Consultancy services are one particular type of service delivered under a contract for services. They are distinguished from other contracts for services by the nature of the work performed. A consultant is an entity, whether an individual, a partnership or a corporation, engaged to provide professional, independent and expert advice or services.
Corporate governance	The process by which agencies are directed and controlled. It is generally understood to encompass authority, accountability, stewardship, leadership, direction and control.
Depreciation	An expense recognised systematically for the purpose of allocating the cost of a non-current asset over its useful life.
Departmental items	Resources directly controlled by agencies, including salaries and allowances.
Deprival asset valuation	Values non-financial assets according to the current cost of their replacement.
Educational Lending Right	The Educational Lending Right program provides payments to eligible Australian creators (authors, editors, illustrators, translators, and compilers) and publishers whose books are held in educational lending libraries.

OTHER INFORMATION

Effectiveness indicators	Indicators to assess the degree of success in achieving outcomes. They are likely to relate to intermediate outcomes below the planned outcomes specified at Budget level.
Equity or Net assets	Residual interest in the assets of an entity after deduction of its liabilities.
e-research	The term used to describe new, very large scale research projects which are being made possible through recent developments in communications technology.
Expense	Total value of all of the resources consumed in producing goods and services.
Financial results	The results shown in the financial statements of an agency.
First-mile connection	The telecommunications connection between the premises of a user organisation and the core backbone network. This is also often referred to as the 'last-mile' connection.
Inputs	Resources in the form of people, materials, energy, facilities and funds that an agency uses in activities to produce outputs.
Information economy	The term adopted by the Australian Government to describe the transformation of economic and social activities through the application of information and communication technology.
Internal auditing	Internal auditing is an independent appraisal function established within an organisation to examine and evaluate its activities as a service to the organisation.
Liabilities	Future sacrifices of economic benefits that an entity is presently obliged to make to other entities as a result of past transactions or other past events.
Non-ongoing APS employee	An APS employee who is not an ongoing APS employee.
Ongoing APS employee	A person engaged as an ongoing APS employee as mentioned in paragraph 22(2)(a) of the *Public Service Act 1999*.
Operations	Functions, services and processes performed in pursuing the objectives or discharging the functions of an agency.
Outcomes	The results, impacts or consequences of actions by the Commonwealth on the Australian community. Planned outcomes are the results or impacts that the Government wishes to achieve. Actual outcomes are the results or impacts actually achieved.
Outputs	The goods and services an agency produces to contribute to the achievement of an outcome.
Performance measures	Performance measures relate to outcomes, outputs, third party outputs and administered items.

Portfolio additional estimates statements	Similar to the portfolio budget statements and prepared at additional estimates time to support an update on the Government's original annual budget for the department.
Portfolio budget statements	A document presented by the Minister to Parliament to inform the Parliament of the basis for the department's budget appropriations in support of the provisions in Appropriation Bills 1 and 2.
Public Lending Right	The Public Lending Right program provides payments to eligible Australian creators (authors, editors, illustrators, translators, and compilers) and publishers whose books are held in public lending libraries.
Purchaser/provider arrangements	Arrangements under which the outputs of one agency are purchased by another agency to contribute to outcomes.
Risk management	The culture, frameworks and structures that are directed towards the effective management of potential opportunities and adverse effects.
Service charters	A service charter is a public statement about the service that a department or agency will provide and what customers can expect from the department.
Special appropriations	Moneys appropriated by Parliament in an Act separate to an annual Appropriation Act, where the payment is for a specified amount.
Terabyte	one million million (1012) bytes
Teletypwriter (TTY)	a text-based telecommunications device used by people who cannot use a voice telephone.

OTHER INFORMATION

Glossary of acronyms

ASDL	asymmetric digital subscriber line
ABA	Australian Broadcasting Authority
ABC	Australian Broadcasting Corporation
ACA	Australian Communications Authority
ACCC	Australian Competition and Consumer Commission
ACT	Australian Capital Territory
AEIRFRS	australian equivalents to international financial reporting standards
AGIMO	Australian Government Information Management Organisation
AIIA	Australian Information Industry Association
ANAO	Australian National Audit Office
APEC	Asia–Pacific Economic Cooperation
APS	Australian Public Service
APT	Asia-Pacific Telecommunity
ATO	Australian Taxation Office
ATSIC	Aboriginal and Torres Strait Islander Commission
ATSIS	Aboriginal and Torres Strait Islander Services
auDA	.au Domain Administration
AWA	Australian Workplace Agreement
BITS	Building on IT Strengths
CBF	Community Broadcasting Foundation
CDMA	code division multiple access
CeNTIE	Centre for Network Technologies for the Information Economy
Comtechport	Commonwealth Technology Portal
CPSU	Community and Public Sector Union
CSIRO	Commonwealth Scientific and Industrial Research Organisation

DCITA	Department of Communications, Information Technology and the Arts
DFAT	Department of Foreign Affairs and Trade
DIMIA	Department of Immigration, Multicultural and Indigenous Affairs
DoFA	Department of Finance and Administration
DSA	Deaf Sports Australia
DSTO	Defence Science and Technology Organisation
EDGAR	energy data gathering and reporting
EEO	equal employment opportunity
EL1	executive level 1
EL2	executive level 2
ELR	education lending right
EMG	Executive Management Group
ERASS	exercise, recreation and sport survey
FM	frequency modulation
FMAA	Financial Management and Accountability Act
GST	goods and services tax
HiBIS	Higher Bandwidth Incentive Scheme
HRMC	Human Resources Management Committee
ICC	Indigenous coordination centres
ICT	information and communications technology
IP	intellectual property
ISDN	integrated services digital network
IT	information technology
ITOL	Information Technology Online
ITU	International Telecommunication Union

M2005	Melbourne 2005 Deaflympic Games		TTY	telephone typewriter
M2006	Melbourne 2006 Commonwealth Games		UK	United Kingdom
NICTA	National ICT Australia		UNESCO	United Nations Education, Scientific and Cultural Organisation
NIDA	National Institute of the Dramatic Arts		USO	universal service obligation
NOIE	National Office for the Information Economy		VIC	Victoria
NRS	National Relay Service		VoIP	voice over Internet protocol
NSW	New South Wales		WA	Western Australia
NT	Northern Territory			
OECD	Organisation for Economic Co-operation and Development			
OPA	Official Public Account			
OPH	Old Parliament House			
PAES	portfolio additional estimates statements			
PBS	portfolio budget statements			
PY Media	Pitjantjatjara Yankunytjatjara Media Organisation			
QLD	Queensland			
ROCO	Register of Cultural Organisations			
RTIA	Regional Telecommunication Infrastructure Accounts			
SA	South Australia			
SAP	Systemanalyse und Programmentwicklung (German acronym for a financial management system)			
SBS	Special Broadcasting Service			
SCADA	supervisory control and data acqusition			
SES	senior executive service			
TAPRIC	Telecommunications Action Plan for Remote Indigenous Communities			
TAS	Tasmania			
TD	Teachta Dala (Member of the Dail)			

OTHER INFORMATION

Corrections to the 2003–04 Annual Report

Consultants

The section on consultants on page 180 of the Department's annual report for 2003–04 incorrectly referred to the total number of consultancy contracts let during the reporting period as a total of 158 consultancy contracts incurring a total expenditure for the year of $7 255 324. This should have read: 'a total of 159 consultancy contracts incurring a total expenditure for the year of $7 373 324'.

Appendix 3: Staffing statistics

An error in relation to the table 4.6 Salary range of employees occurred in the 2003–04 Annual Report in relation to the EL 2, APS 4 and APS 2 levels for the salary ranges set under the certified agreement (see page 195 of the 2003–04 report). The correct figures are:

Figure 4.6 Salary range of employees

| | Certified agreement | |
| | Salary range $ | |
Classification	Lowest	Highest
EL2	74 772	92 841
APS4	43 403	46 907
APS2	34 048	37 739

Compliance index

OTHER INFORMATION

Subject index

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S218 05-127